



Semiannual Report to the Congress



Office of Inspector General



USAID

April 1, 2002 - September 30, 2002



USAID had a prominent role at the annual conference of the International Consortium on Government Financial Management (ICGFM) in April 2002. The theme of the conference was "International Crisis: The Role of the Government Financial Manager." USAID's Deputy Administrator, Frederick Schieck, delivered the keynote address on the challenges of accountability in crisis situations based on USAID's extensive experience in the delivery of international assistance. The USAID Office of Inspector General served as moderator and made presentations on disaster assistance and concurrent auditing.

Photograph of (left to right) Toby Jarman, then-Assistant Inspector General for Audit; Frederick Schieck, Deputy Administrator, USAID; and Everett Mosley, Inspector General and member of the ICGFM Board of Directors.

OFFICE OF INSPECTOR GENERAL



October 31, 2002

The Honorable Andrew S. Natsios
Administrator
U. S. Agency for International Development
Washington, DC 20523

Dear Mr. Natsios:

I am pleased to report to you and the Congress of the United States the accomplishments of my office for the six-month period ended September 30, 2002. This report is issued in compliance with the Inspector General Act of 1978, as amended.

During this period the OIG issued 315 audit reports with monetary recommendations valued in excess of \$9 million, completed 100 investigations, and achieved savings and recoveries of \$1.2 million.

The OIG's dedication to the efforts to help resolve USAID's Management Challenges is evidenced by our development of the Standards of Success. The goals for achieving success in each major management challenge area are a good start in setting forth a path to resolution. Our collaboration with USAID management in the development of these goals has been very productive. I thank you for your leadership in embracing this approach and we look forward to continued collaborative efforts in meeting these challenges.

USAID's response to OIG recommendations for corrective action continues to be commendable. Management Agreement has been reached on all OIG recommendations issued over six months for the fourth consecutive semiannual report.

My office is committed to help USAID meet its mission by promoting efficiency and effectiveness. We continue to stress productive collaborative approaches in our work.

Sincerely,

Everett L. Mosley
Inspector General

OFFICE OF INSPECTOR GENERAL



October 31, 2002

Mr. Ernest G. Green, Chairman of the Board
Mr. Nathaniel Fields, President
African Development Foundation
1400 Eye Street, N.W.
Washington, DC 20005-2248

Dear Sirs:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the USAID Office of Inspector General (OIG) with regard to the African Development Foundation (ADF) for the period ended September 30, 2002.

The report is issued in compliance with the Inspector General Act of 1978, as amended. The Consolidated Appropriations Act (P.L. 106-113), dated November 29, 1999, assigned audit and investigation responsibilities for the ADF to USAID OIG.

I appreciate the courtesy and assistance extended to my staff during our work with your organization. The staff of OIG remains committed to helping the ADF achieve ultimate efficiency and effectiveness in its operations.

Sincerely,

A handwritten signature in black ink, reading "Everett L. Mosley", is positioned above the printed name.

Everett L. Mosley
Inspector General

OFFICE OF INSPECTOR GENERAL



October 31, 2002

Mr. Frank Yturria, Chairman of the Board
Mr. David Venezuela, President
Inter-American Foundation
901 North Stuart Street, Tenth Floor
Arlington, VA 22203

Dear Sirs:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the USAID Office of Inspector General (OIG) with regard to the Inter-American Foundation (IAF) for the period ended September 30, 2002.

The report is issued in compliance with the Inspector General Act of 1978, as amended. The Consolidated Appropriations Act (P.L. 106-113), dated November 29, 1999, assigned audit and investigation responsibilities for the IAF to USAID OIG.

I appreciate the courtesy and assistance extended to my staff during our work with your organization. The staff of OIG remains committed to helping the IAF achieve ultimate efficiency and effectiveness in its operations.

Sincerely,

A handwritten signature in black ink, reading "Everett L. Mosley".

Everett L. Mosley
Inspector General

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Reporting Requirements

The Inspector General Act of 1978, as amended, requires each Inspector General to submit semiannual reports to the Congress summarizing the activities of the office during the preceding six-month period. The required reporting areas, as prescribed under Section 5(a) of the Act, are:

Reporting Requirement	Page Number
(1) Significant Problems, Abuses and Deficiencies	14-33
(2) Recommendations for Corrective Actions	34-53
(3) Significant Prior Recommendations on Which Corrective Action Has Not Been Completed (<i>Table C</i>)	95
(4) Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Resulted (<i>Table F</i>)	102
(5) Summary of Instances in Which Information or Assistance Was Refused	58
(6) List of Audit Reports Issued (<i>Table A</i>)	59
(7) Summary of Each Significant Report	35-53
(8) Statistical Table of Reports with Questioned and Unsupported Costs (<i>Table D</i>)	100
(9) Statistical Table of Reports with Recommendations That Funds Be Put to Better Use (<i>Table E</i>)	101
(10) Summary of Each Audit Report over Six Months Old For Which No Management Decision Has Been Made (<i>Table B</i>)	94
(11) Decisions and Reasons for Significant Revised Management Decisions	58
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Acronyms

ADF	African Development Foundation
AIHA	American International Health Alliance
BEP	Basic Education Program
BTEC	Business Transformation Executive Committee
C&A	Certification and Accreditation
CACEDRF	Central America and the Caribbean Emergency Disaster Recovery Fund
CAM	Contract Audit Management Branch of USAID Office of Procurement
CIP	Commodity Import Program
CLO	Country Liaison Offices
DCAA	Defense Contract Audit Agency
EEO	Equal Employment Opportunity
ERP	Earthquake Recovery Program
FAR	Federal Acquisition Regulation
FBI	Federal Bureau of Investigation
FFMIA	Federal Financial Management Improvement Act
FSN	Foreign Service National
GAO	General Accounting Office
GH/OHA	Bureau for Global Health's Office of HIV/AIDS
GMRA	Government Management and Reform Act
GSS	General Support System
IAF	Inter-American Foundation
IAGGA	International Anticorruption and Good Governance Act
ICGFM	International Consortium on Government Financial Management
IG Act	Inspector General Act of 1978
IGF	Inspection Generale des Finances
IRP	Islamic Republic of Pakistan
IT	Information Technology
M/HR/LS	Bureau for Management's Office of Human Resources/Learning Support
MACS	Mission Accounting Control System
MOU	Memorandum of Understanding
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PMP	Mission's Performance Monitoring Plan
PSC	Personal Service Contractor
PVO	Private Voluntary Organization
RCO	Regional Contracting Officer
Results Act	Government Performance and Results Act of 1993
SAIs	Supreme Audit Institutions
STI	Sexually Transmitted Infections
TSS	Telecommunications Sector Support
USAID	United States Agency for International Development

Executive Summary

This semiannual report presents the results of the Office of Inspector General's audit and investigation efforts at (1) the U.S. Agency for International Development, (2) the African Development Foundation, and (3) the Inter-American Foundation, for the six-month period ended September 30, 2002.

During the semiannual reporting period from April 1, 2002 through September 30, 2002, the Office of Inspector General (OIG) issued 315 audit reports with monetary recommendations valued at \$9.4 million. In addition, the OIG completed 100 investigations and achieved savings and recoveries of \$1.2 million. Because of continued aggressive actions by USAID management, as of September 30, 2002, there were no audit reports over six months old without management decision.

Two new features are included in this report. The first feature, "Then and Now," shows how OIG activities are making a lasting impact on USAID. This impact is especially evident over the past several years where USAID and OIG leadership have joined in a collaborative effort to improve programs and operations. The second feature explains the standards for success for each of the objectives set forth in the OIG's strategic and annual plans.

The section entitled "USAID and the OIG Cooperate to Bring Swift Action on Audit Recommendations" highlights how the OIG Audit staff have worked with USAID to maximize the positive effect of the audit process. This positive effect has resulted in no open audit recommendations without management decision over six months old. In the "Investigations Moves Forward" section, the shifting focus of the Investigations staff towards financial fraud investigations and high-profile employee integrity matters has led to recoveries ranging from \$35 million to \$82 million since 2000.

The OIG designed the Standards for Success to address major management challenges that it identified at USAID. The Standards for Success are the OIG's approach to seeking agreement with USAID management on its major management challenges as well as on the solutions or goals for achieving success in each major management challenge area. The OIG's Standards for Success are in concert with the Management Reform Agenda launched by the President in August 2001.

The report also discusses the major challenges facing USAID, what USAID management is doing to address these challenges, and OIG efforts to provide assistance and advice. It includes a summary of OIG efforts to expand accountability in the international environment through support for anti-corruption efforts, training, oversight of contractors and grantees, and other proactive steps. Significant audits and investigations conducted at USAID, organized by the relevant Bureau, are summarized in subsequent sections.

Pursuant to P.L. 106-113, the consolidated Appropriations Act, including the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, the OIG has audit and investigative responsibility for the African Development Foundation and the Inter-American Foundation. Summaries of significant audits and investigations completed at these foundations are included in a separate section of this report.

OIG Overview

The Office of Inspector General (OIG) is responsible for providing audit and investigative services to the U.S. Agency for International Development (USAID), the African Development Foundation (ADF) and the Inter-American Foundation (IAF).

Mission

Established under the Inspector General Act of 1978 (IG Act), as amended, the OIG is tasked with promoting economy, efficiency and effectiveness in the administration of programs, and preventing and detecting fraud and abuse in worldwide program operations. The IG Act also requires all Inspectors General to keep management and the Congress fully and currently informed about problems and deficiencies relating to the administration of programs and operations, as well as about corrective actions taken.

Organization

The OIG is organized into three operational units: Audit, Investigations, and Management. There are also six overseas field offices, each headed by a Regional Inspector General, located in Budapest, Hungary; Cairo, Egypt; Dakar, Senegal; Manila, Philippines; Pretoria, South Africa; and San Salvador, El Salvador. These regional offices maintain close working relationships with the USAID missions in their regions. This field presence enables auditors and investigators to carry out their responsibilities efficiently.

Annual Agency Award Presented to the OIG

The OIG was presented with the Equal Employment Opportunity Unit Award for the fiscal year ending September 30, 2002. The citation for the award read:

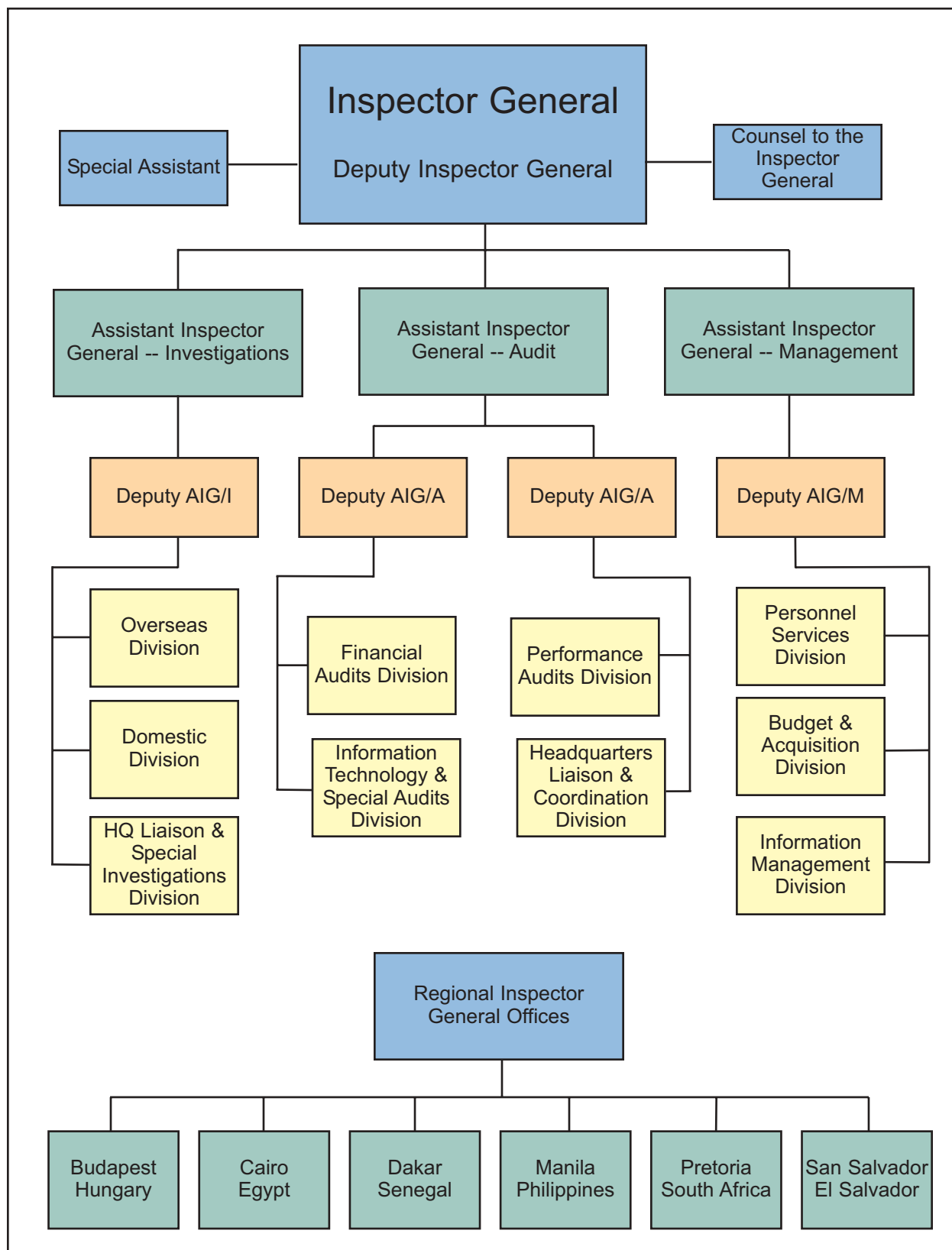
“In recognition of the exceptional efforts of the women and men of the Office of the Inspector General in creating an inclusive and supportive workplace that promotes the spirit of equal employment opportunity, affirmative employment and diversity. These efforts have led to a dramatic improvement in the OIG’s EEO profile and the creation of a workforce that clearly reflects the employment of EEO groups at rates consistent with or better than the National Civilian Labor Force averages.”

Photograph of the Inspector General, Everett Mosley, with OIG Senior Management.

(From left to right: Robert Ross, Adrienne Rish, Joe Farinella, Everett Mosley, James Ebbitt, Bruce Crandlemire, Robert Perkins, Michael Carroll, and Cliff Deckard.)



OIG Overview



OIG Overview

Special Anticorruption Focus Activities

The OIG has a growing involvement in the general area of anticorruption. Efforts to promote accountability and combat corruption through collaboration with Supreme Audit Institutions (SAIs) and conducting Fraud Awareness training programs are well received. The OIG now has formal agreements in 19 countries. OIG efforts have helped SAIs obtain training and develop comprehensive policies and procedures for their audit operations. The OIG continues to work with USAID's missions to promote involvement with SAIs.

Further, the OIG has held a series of workshops aimed at preventing fraud in USAID programs, particularly overseas, where risk of loss in the foreign aid program is high. The OIG field staff continues to deliver these programs worldwide to USAID staff, host government officials, auditors from public accounting firms, and grant and contract recipients. Since fiscal year 2000, the OIG has made presentations in over 28 countries.

The OIG anticorruption initiatives were again included in the Department of State's second annual report, dated April 15, 2002, on U.S. government activities under the International Anticorruption and Good Governance Act (IAGGA). The report documents progress on efforts to help foreign governments address corruption, crime and terrorism with a focus on U.S. government technical assistance as well as multilateral initiatives. The IAGGA defines anticorruption broadly and includes, among the list of programs, support for overseas audit and Inspectors General offices. The OIG's work with Supreme Audit Institutions in Guatemala and Indonesia was highlighted among the progress made in this area. The long-term collaborative relationships with these SAIs are producing lasting benefits. In the past year, the Government of Guatemala SAI audited USAID funds, with OIG performing quality control reviews of their work. Building on the memoranda of understanding with the SAI of Indonesia and its ability to perform financial audit work, the OIG provided additional guidance on performance auditing practices for senior officials.

Highlights

This section describes the most significant findings of this office for the work concluded in the past six-month period. These findings include major results in investigative and audit work.

Among the OIG's most important accomplishments this period was the summary audit results of the \$621 million Central American and the Caribbean Emergency Disaster Recovery Fund (CACEDRF) program. Improved accountability for CACEDRF funds resulted from collaborative efforts involving mission and bureau staff, congressional stakeholders, and OIG staff. Other important accomplishments included risk assessments of USAID administrative functions.

The investigative items reflect indictments and convictions for embezzlement, false statements, money laundering, etc., and include the imposition of substantial restitution or the seizure of assets. These cases are significant in scope and size.

Highlights from Audit

Audit activities include conducting and reviewing financial and performance audits at USAID, the African Development Foundation, and the Inter-American Foundation. The following is a statistical summary of OIG audit activities during this reporting period.

Type of Report	Number of Reports	Monetary Recommendations (\$)
Financial Audits		
USAID Programs and Operations	2	10,331
U.S.-Based Contractors	23	22,830
U.S.-Based Grantees	47	220,425
Quality Control Reviews	2	
Foreign-Based Organizations	199	8,724,346
Quality Control Reviews	13	
Enterprise Funds	2	
Quality Control Reviews	1	
Performance Audits		
Economy and Efficiency	17	400,000
Other	9	
TOTAL	315	\$9,377,932

Highlights

Summary Report on Audits of USAID Assistance Provided Under the Central America and the Caribbean Emergency Disaster Recovery Fund (CACEDRF) Supplemental Appropriation

This report summarized the results of the OIG's audits of the \$621 million Central America and the Caribbean Emergency Disaster Recovery Fund (CACEDRF) program. Improved accountability for CACEDRF funds resulted from collaborative efforts involving mission and bureau staff, congressional stakeholders, and OIG staff.

As part of its oversight effort, the OIG conducted a series of risk-based audits that included quarterly concurrent financial statement audits of activities deemed to be of high risk and annual financial statement audits of moderate and lower-risk activities. Activities were also subject to performance audits conducted by OIG auditors. In addition, the OIG provided fraud awareness training to 2,141 participants in the CACEDRF countries. This training was directed to employees of USAID and its partners who were managing USAID funds on a day-to-day basis and who had first-hand knowledge of how USAID funds were being used. The training helped ensure that the participants knew how to prevent and detect common fraud schemes and were aware of their responsibility to report suspected fraud to the OIG.

For the concurrent audits of high-risk activities, audit work was performed throughout the year, and quarterly audit reports were produced, providing a deterrent effect and substantially reducing the possibility that accountability problems could occur without being detected. Further, the OIG kept bureau staff and the Congress informed about these results through regular meetings and briefings. A major conclusion of the report is that a risk-based approach, which includes activities directed toward preventing problems from occurring as well as detecting them through audits and investigations, can be effective in making sure that USAID funds are spent effectively and for agreed-upon purposes.



Photograph of a Honduran engineer pointing out school reconstruction works to the Deputy Assistant Inspector General for Audit, Bruce Crandlemire (right).

The OIG's financial statement audit reports on the CACEDRF program disclosed \$7.6 million in questioned costs, 229 reportable internal control conditions, and 223 instances of material noncompliance with agreement terms and applicable laws and regulations. Over time, as auditors found problems and worked with grantees and contractors to correct them through the audit recommendation follow-up process, grantees and contractors improved their administrative procedures and systems of internal control. As a result, over the course of the program, questioned costs as a percentage of total audited costs, at the time the work was conducted, fell significantly, from 7 percent to 2 percent.

Highlights

The OIG's performance audits addressed four questions:

- Were activities implemented on schedule? The OIG conducted 11 audits that examined whether activities were on schedule. Four of these audits concluded that the activities were on schedule, five found that certain activities examined were on schedule while others were not, and two concluded that the activities audited were not on schedule.
- Were host country contracting competition requirements followed? In both cases where the OIG examined this issue, the host government complied with competition requirements.
- Did missions monitor CACEDRF activities in accordance with USAID policies? The OIG examined mission monitoring of CACEDRF activities through eight audits. Four of these audits showed that the missions were appropriately monitoring the activities in accordance with USAID policies. In three cases, the auditors concluded that monitoring was generally adequate, but that some monitoring deficiencies existed. In one case, the auditors concluded that activities were not adequately monitored.
- Did missions process payments and advances in accordance with applicable laws and regulations and USAID policies and procedures? The OIG performed three audits to examine whether missions were processing payments and advances in accordance with applicable laws and regulations and USAID policies and procedures. Recognizing that several missions would face a dramatically increased workload due to the CACEDRF program, these audits were intended to be more preventive or proactive in nature and provide USAID management with assurance that the missions could handle the additional workload associated with CACEDRF payments and advances. All three of the audits showed that the missions were generally processing payments and advances correctly, but that some problem areas existed.

Risk Assessments of Functions Within the Office of Administrative Services

Due to limited resources, the OIG is not able to conduct detailed audits in every area of USAID operations. Therefore, by sometimes employing different review mechanisms other than its standard audit methodology, the OIG is able to expand its coverage of various USAID functions. One such approach used by the OIG is to conduct risk assessments of USAID functions.

During this semiannual period, the OIG issued five risk assessment reports covering 25 functions within the divisions of the Office of Administrative Services. The OIG reviewed areas such as overseas executive officer support, parking management for the Ronald Reagan Building, and the transportation and storage of household effects. Using both external and internal risk factors, the OIG assessed risk as high, moderate, or low.

Of the 25 functions reviewed, the OIG assessed 9 as high risk, 8 as moderate risk, and 8 as low risk. The OIG made 19 specific suggestions to USAID management to mitigate the high-

Highlights

risk areas. These included identifying those missions and bureaus that have not provided their vital records plans to USAID management, formalizing a system for identifying surplus and underutilized real property, and requiring the submission of annual financial disclosure statements by transportation counselors. USAID management agreed with all the suggestions.

In addition, other benefits resulted from this effort. For example, USAID management updated half of its relevant policy chapters, including chapters on records management, domestic personal property management, and use and control of official vehicles. USAID also took other corrective actions concurrent with the risk assessment review. These included instituting and updating a database for tracking documents scheduled for declassification and strengthening customer service standards for travel and transportation. The OIG also identified additional areas for future audits, as well as areas requiring increased oversight and accountability by USAID management.

Highlights from Investigations

Investigations focus on programs and operations that are most vulnerable to fraud in activities of USAID, the African Development Foundation and the Inter-American Foundation.

Investigative priorities include program integrity (fraud involving contracts, grants and cooperative agreements) and employee integrity (misconduct of direct-hire employees and personal service contractors). OIG investigations may result in criminal, civil or administrative action. The following is a summary of investigative workload and results during this reporting period.

Workload Indicator	
Cases Opened	65
Cases Closed	100
Hotline Contacts	941
Results	
Recoveries/Savings	\$1,204,581
Resignations/Terminations	3
Personnel Suspensions	1
Reprimands	2
Indictments	2
Convictions	6

Highlights

Former PVO Employee Convicted for Embezzlement

In April 2002, a former employee of a USAID-funded Private Voluntary Organization (PVO) was indicted on fifteen counts of embezzlement and money laundering in the Eastern District of Virginia as a result of an OIG investigation. The former employee, who was the head of finance for the PVO, embezzled USAID funds from the PVO's bank account and, on three occasions, authorized the PVO's banks to wire money to a private business account. The embezzled funds were used to pay personal expenses, including the purchase and development of a home. The subject cooperated with the investigation and entered a guilty plea in Federal court in June 2002. In September 2002, the subject was sentenced to 21 months of incarceration, followed by three years' supervised release, and ordered to pay \$288,333 in restitution to USAID.

Company President and Company Convicted on False Statements Charges

During the previous reporting period, the OIG noted that the President of an Illinois company had been indicted for submitting false statements on a USAID-funded Commodity Import Program (CIP) transaction in Egypt. Subsequently, in July 2002, the company and its President pled guilty to the charges stemming from the OIG investigation. The President pled guilty to one count of submitting a false demand against the United States, for which he was sentenced to one year's probation and ordered to pay restitution in the amount of \$41,309.

Investigation Leads to Guilty Pleas

As a result of a joint OIG, Federal Bureau of Investigation (FBI), and Department of Justice Criminal Fraud Section investigation, two former executives of a USAID enterprise fund pled guilty to offenses in connection with a scheme to defraud a USAID development program. The investigation revealed that the former executives artificially and fraudulently inflated the cost of contracts, enabling them to receive illegal kickbacks. Through this scheme, the executives were able to divert more than \$600,000 from USAID enterprise-related projects. The illegal proceeds were used to purchase a 40-foot yacht and obtain a brokerage account valued at \$150,000. Subsequently, the government seized both the yacht and the brokerage account.

Sentencing for both individuals is scheduled for November 22, 2002.



Photograph of a yacht seized pursuant to OIG investigation linking former employees of a grantee organization to illegal activity.

Then and Now

OIG activities are making a lasting impact on USAID and are especially evident over the past several years where USAID and OIG leadership have joined in a collaborative effort to improve programs and operations. The following section highlights audit and investigation efforts and long-term results.

USAID and the OIG Cooperate to Bring Swift Action on Audit Recommendations

USAID and the OIG have worked together to maximize the positive effect of the audit process. As part of this process, audit reports issued by the OIG include recommendations when the OIG believes that, based on the audit findings, actions are needed to improve operations. Addressing audit recommendations and reaching management decisions on their implementation is a shared responsibility of OIG and USAID management. In recent years, the OIG and USAID have coordinated in an effective and efficient manner to ensure audit recommendations are acted upon aggressively and expediently within six months of report issuance as specified by the Office of Management and Budget's (OMB's) Circular A-50.

The Inspector General Act, as amended, requires that Inspectors General report to the Congress any audit reports that have not received a management decision within six months of issuance. In February 1999, through a collaborative effort by USAID and OIG management, USAID issued new procedures which require a more effective approach for elevating audit recommendations without management decisions. Specifically, if the cognizant USAID office or mission has not reached a management decision on recommended corrective actions within three months of issuance of the audit report, the OIG will elevate the recommendation to the USAID Assistant Administrator. If no management decision is reached within four months of report issuance, the OIG will then elevate the recommendation to the next higher level, the Deputy Administrator. Finally, if no management decision is reached within six months of report issuance or if the OIG disagrees with the final decision made by USAID management, the OIG will include this information in its Semiannual Report to the Congress as required.

Another positive development in this area is the action taken by the Contract Audit Management Branch (CAM) of the USAID Office of Procurement to resolve recommendations relating to questioned costs in financial audit reports of USAID contracts, grants, and cooperative agreements issued by the Defense Contract Audit Agency and independent Certified Public Accountants.

In August 2000, CAM issued guidelines designed to facilitate consistency, timeliness, and efficiency in processing audit recommendations relating to questioned costs. Those guidelines required CAM officials to coordinate with grantees or contractors at various stages of the audit recommendation resolution process in order to reach a mutually acceptable settlement within specific time frames.

As a result of these innovative actions, unresolved audit recommendations have declined significantly. For example, as of September 30, 1998, the OIG reported 99 open audit recommendations without management decisions that were over six months old. Since the OIG's Semiannual Report to the Congress for the period ending March 31, 2001, USAID has been

Then and Now

in compliance with OMB's requirement that audit recommendations receive a management decision within six months of report issuance—a concrete manifestation of the fruitful collaboration between the OIG and USAID management.

Investigations Moves Forward

OIG/Investigations is continuing its commitment to USAID's success. In line with the OIG mission, the vision is to:

- increase our emphasis on major financial fraud investigations and high-profile employee integrity matters; and
- promote fraud awareness.

Increasing our focus on major financial fraud investigations and high-profile employee integrity matters has produced investigations that have greater impact on USAID programs and operations. The current caseload consists of multimillion-dollar fraud investigations involving antitrust violations, and other violations of the Federal criminal code, to include conflict of interest, embezzlement, and money laundering. All allegations are evaluated to determine their viability for criminal, civil or administrative action and the level of impact relative to USAID programs and operations.

Between 1997 and 1999, investigations of USAID employees, grantees, and contractors produced total semiannual savings and recoveries ranging from approximately \$8,000 to \$2.6 million. Since 2000, total semiannual recoveries have ranged from \$35 million to \$82 million, with a current investigation yielding criminal fines and restitution totaling \$154.9 million to date. Multi-year investigations involving complex financial schemes are now yielding significant prosecutions and substantial recoveries. In addition, there has been a consistent increase in employee administrative actions that reflects the USAID's commitment to maintaining a high standard of ethical conduct for its employees. Major investigations involved prosecutions for antitrust violations by international construction cartels, submission of fraudulent claims, and embezzlement of funds.

A new division was created to focus on employee integrity investigations and internal operations. Staff within this division conduct employee integrity investigations and qualitative assessment reviews, develop and/or revise policy, respond to congressional inquiries, coordinate training, and provide input for annual and strategic planning. During the present fiscal year, Qualitative Assessment Reviews have been conducted for three of six overseas offices to evaluate their compliance to various USAID and OIG/Investigations' policies and procedures.

Certainly, fraud awareness training and risk assessment activities have resulted in increased awareness of potential fraud. Reports to the OIG Hotline have increased substantially. Since 2000, thousands have attended fraud awareness training, which has been conducted in over 28 countries. The attendees were comprised of USAID employees, contractors, grantees and participants from government organizations. Audiovisual aids, including a videotape presentation and Fraud Indicators Handbook, were also developed to support the fraud awareness

Then and Now

campaign. Early intervention by the OIG has helped USAID to design activities and policies to minimize their vulnerability to fraud, waste and abuse.

Comparing then to now, OIG/Investigations is very different. But while its focus has changed, its mission remains the same, consistent with its commitment to ensure USAID's success.

Standards for Success

The OIG developed Standards for Success for each of the objectives set forth in the OIG's strategic plan, as well as in the fiscal year 2003 annual plan. What constitutes success generally derives from such sources as Office of Management and Budget (OMB) circulars, legislation, USAID policy documents and notices, and USAID administrative priorities. The Standards for Success were developed with the intent that, by meeting the standards, USAID would be on a solid track in addressing its major management challenges and the OIG will thereby have accomplished its objectives.

The OIG designed the Standards for Success to address major management challenges that it identified at USAID. The Standards for Success are the OIG's approach to seeking agreement with USAID management on its major management challenges as well as on the solutions or goals for achieving success in each major management challenge area.

OIG managers participated in extensive discussions with the USAID Administrator and USAID managers about the Standards for Success. The OIG sought and received concurrence on the major management challenges as well as on the Standards for Success so that USAID and the OIG are working in unison toward the same goal—a more efficient and effective USAID. The OIG also discussed the Standards for Success with officials from OMB and with congressional staff and received positive input to the process.

The OIG's Standards for Success are in concert with the Management Reform Agenda launched by the President in August 2001 to "address the most apparent deficiencies where the opportunity to improve performance is the greatest."¹ Five areas were identified: Strategic Management of Human Capital; Expanded Electronic Government; Competitive Sourcing; Improved Financial Performance; and Budget and Performance Integration. Working with the President's Management Council, the OMB developed standards for success in each of these five initiatives.

The OIG's overriding goal is to support the organizations' management in the delivery of their programs. The OIG does this through its audit and investigative activities and through its day-to-day operational interactions by advising management on program risks and the need for associated internal controls for protecting and promoting the most effective and efficient program delivery. In performing its duties, the OIG works closely with the organizations' management and staff as well as with members of Congress and their staffs to seek their input and to provide information that they can use in developing and administering the organizations' programs and activities.

¹ October 30, 2001 OMB MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES – Implementation of the President's Management Agenda and Presentation of the fiscal year 2003 Budget Request.

Major Management Challenges

USAID implements America's foreign economic and humanitarian assistance programs in accordance with foreign policy guidance provided by the Secretary of State. USAID manages a budget of approximately \$9.6 billion and advances U.S. foreign policy objectives by supporting:

- Economic growth, trade, and agricultural development;
- Improvements in global health; and
- Conflict prevention, democracy, and developmental relief activities.

USAID also serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America, the higher education community, and non-governmental organizations in support of shared objectives.

In pursuit of its mission, USAID faces a number of problems, concerns and difficult issues—known as Major Management Challenges. These concerns and issues parallel the President's Management Agenda. This section updates the continuing efforts by USAID to address those major management challenges and OIG efforts to assist in overcoming them.

These major challenges are:

- Financial Management;
- Information Resource Management;
- Managing for Results;
- Procurement Management; and
- Human Capital Management.

Financial Management

Progress continues to be made toward resolving problems with USAID's financial management system. In fact, for the first time, the OIG was able to issue opinions on three of USAID's five principal financial statements. The OIG issued qualified opinions on the Balance Sheet, the Statements of Changes in Net Position, and Statement of Budgetary Resources but was unable to express an opinion on the Statements of Net Cost and Financing. This is an important milestone and represents significant progress by USAID.

However, while USAID has made progress over the last four years, several areas of its financial management system continue to present challenges. Because USAID does not have an integrated financial management system, it needed to undertake extensive efforts to prepare its consolidated financial statements.

In addition, because of the increased audit risk associated with USAID's non-integrated financial management system, the OIG needed to undertake extensive efforts to complete the audit. As a result of these extensive efforts by both offices, qualified opinions were rendered on the Balance Sheet, Statement of Changes in Net Position, and the Statement of Budgetary

Major Management Challenges

Resources. Although there was improvement in the information on three of USAID's five principal financial statements, USAID's system was not able to provide information to USAID managers throughout fiscal year 2001. The OIG identified three material internal control weaknesses. Two of the three weaknesses are presented below and the other weakness, computer security, is presented on page 18.

- Advances to Grantees Were Not Consistently Reconciled and Classified:** The OIG reported that USAID did not consistently reconcile or properly classify its advances to grantees at fiscal year-end. During fiscal year 2002, USAID has taken some efforts to eliminate this problem; for example, it has implemented an interface between the Department of Health and Human Services' Payment Management System and its own core financial management system. This process reduces the extensive manual work in the processing of advance payments and liquidations. USAID is currently reconciling the advance differences of about \$439 million that existed between USAID's general ledger and its subsidiary ledger maintained by the Department of Health and Human Services. The OIG is reviewing the progress of this reconciliation.
- Unliquidated Obligations Were Not Consistently Analyzed and Deobligated as Necessary:** During the OIG's fiscal year 2001 Government Management and Reform Act (GMRA) audit, the OIG found that USAID had about \$186 million in unliquidated obligations that may no longer be needed for the original obligation purposes. USAID's Business Transformation Executive Committee (BTEC) is reviewing this issue for resolution. The OIG will evaluate BTEC's actions to improve USAID's internal control process related to the management of unliquidated obligations and will review any resulting unliquidated obligations for projects that have had no expenditures recorded against them for more than one year.

Improving Financial Management System Deficiencies

Over the past years, USAID has made progress toward resolving problems with its financial management system and has committed significant resources for additional improvements. Nonetheless, outstanding financial management system deficiencies remain a significant management challenge.

OIG audit work showed that USAID's financial management systems did not comply with the Federal Financial Management Improvement Act (FFMIA) requirements and may be unable to consistently provide complete, reliable, timely, and consistent financial information about USAID's operations. In addition, USAID needs to revise its FFMIA remediation plan to identify sufficient resources and remedies to make its systems substantially compliant with the FFMIA.

To correct this situation, USAID plans to implement an integrated financial management system using a combination of commercial off-the-shelf software products and third-party financial service providers. For instance, USAID has:

- implemented a new core financial system in Washington;

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- established an automated interface between the missions' systems and the core financial system;
- established a web-based data collection tool to streamline financial reporting from the missions to USAID/Washington;
- established an automated interface between the Department of Health and Human Services' Payment Management System and the core financial system to process advances and expenditures against USAID letters of credit; and
- established an automated interface between its financial institution and the core financial system for credit program transactions.

In addition, based on the results of a recent study, USAID Management has stated that they plan to pilot the core accounting system overseas in fiscal year 2003 and to begin deployment in fiscal year 2004, if adequate funding is available. They will also update its FFMIA remediation plan based on the results of that study.

Although USAID has taken steps to meet FFMIA requirements, it needs to continue to improve its financial systems. The OIG will continue to monitor the implementation of the core financial system.

Information Resource Management

OIG audits have identified significant weaknesses in USAID's management of information technology resources. The Clinger-Cohen Act of 1996 requires executive agencies to implement a process that maximizes the value and assesses the management risks involved in information technology investments. Because USAID's management practices have impacted its ability to fully comply with the Act's requirements, its managers have not had access to financial information that is complete, reliable, and timely.

USAID faces three primary information resource management challenges: (1) financial reporting and resource management capabilities, (2) information resource management processes, and (3) computer security.

Improving Financial Reporting and Resource Management Capabilities

USAID's information systems have not fully supported its planning and reporting requirements. Therefore, its managers have had difficulty consistently obtaining timely, reliable and complete financial and performance data. Even though USAID managers can mitigate the systemic weaknesses by generating some individual reports on an ad hoc basis, USAID's ability to routinely use financial information for decision-making purposes remains impaired.

As a step to correct this weakness, USAID has deployed a new core financial accounting system in Washington to replace a key component of its financial management system. Nonetheless, an OIG audit report showed that system users were not always able to readily obtain data to manage operations because USAID primarily focused its limited resources on implementation and operations, rather than on reporting. Consequently, the OIG made a

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recommendation to USAID's Chief Financial Officer in collaboration with USAID's Chief Information Officer to provide system users with the reporting resources required to manage operations. USAID agreed with the recommendation and has made reporting a priority for fiscal year 2002. In fact, it has already begun to implement a user-friendly reporting tool and has made some standard reports containing mission data available on-line. The OIG will continue to monitor the implementation of USAID's financial management system.

Improving Information Resource Management Processes

In 1997 and 1998 the OIG reported that USAID's processes for procuring and managing information resource technology have not followed the guidelines established by the Clinger-Cohen Act. USAID management has acknowledged the weaknesses of its information resource management processes and has made efforts to improve them. In response to the findings, USAID's Administrator has initiated plans to overhaul and modernize the entire portfolio of systems supporting USAID's procurement and information technology.

In fiscal year 2002, USAID redesigned its overall governance structure for the acquisition and management of information technology (IT) in a manner that elevated the entire IT investment processes, requiring higher senior management participation. Specifically, USAID created the Business Transformation Executive Committee (BTEC), whose membership consists of senior members of management. BTEC's purpose is to provide USAID-wide leadership for initiatives and investments to transform USAID business systems and organizational performance. Some of BTEC's roles and responsibilities include:

- guiding business transformation efforts and ensuring broad-based cooperation, ownership and accountability for results;
- initiating, reviewing, approving, monitoring, coordinating, and evaluating projects and investments; and
- ensuring that investments are focused on highest pay-off performance improvement opportunities aligned with USAID's programmatic and budget priorities.

In its efforts to track USAID's progress in improving its information resource management processes and in meeting the requirements of the Clinger-Cohen Act, the OIG has actively participated in BTEC meetings, as well as performed a review of USAID's software development practices at overseas missions. Based on the results of that review, the OIG recommended that USAID (1) develop policies and procedures for controlling the installation of software at overseas missions, (2) request all overseas missions to conduct an inventory of the locally developed software and submit the list to headquarters, and (3) develop a process to maintain a current inventory list of software.

The OIG will continue to monitor USAID's progress in improving its information resource management processes. Moreover, the OIG plans to conduct an audit of USAID's investment technology capital planning in fiscal year 2003. That audit will review USAID's process for selecting, monitoring, and evaluating information technology investments.

Major Management Challenges

Improving Computer Security

OIG audits have confirmed that, although USAID has taken steps to improve computer security, more work is needed to ensure that sensitive data are not exposed to unacceptable risks of loss or destruction. Specifically, recent audits showed that USAID did not have adequate computer security controls in place to mitigate the risks to critical information systems. For instance, USAID needs to implement an effective security program for its information systems. In addition, USAID needs to correct other computer security weaknesses by, for example, strengthening logical access controls and eliminating conflicting accounting roles in the financial management processing. Finally, USAID needs to conduct certification and accreditation (C&A) on all mission-critical network and financial management systems. This includes conducting a risk assessment, incorporating detailed recovery and testing procedures in a contingency plan, and developing a security plan as required by Federal standards.

In response to OIG audits, USAID has made substantial computer security improvements. For example, it has:

- upgraded the system software for USAID/Washington and most of the missions and, according to USAID management, is ahead of schedule in doing so;
- hired a system security engineer to oversee risk assessments and C&A work;
- built a set of web-based surveys that migrates information directly into a formalized draft security plan;
- developed on-line classes for the annual computer security awareness training and for new user training;
- conducted the C&A of its core financial and procurement systems and begun the C&A on the Mission Accounting Control System (MACS) and the General Support System (GSS) in USAID/Washington;
- conducted the C&A of the MACS and GSS at eight USAID missions; and
- implemented practices to standardize the security configurations of computer operating systems.

USAID has also continued to conduct periodic technical vulnerability assessments. Furthermore, USAID is in the process of implementing a methodology that will rank and prioritize its information technology resources. This process will include identifying the kind of activities that could put mission-critical systems at risk, determining the probability that such activities could happen, and estimating the dollar value of the impact. These risk factors will allow USAID to determine how much money to spend based on relative risk, costs, and benefits. The OIG will continue to monitor USAID's progress in improving computer security.

Managing for Results

USAID has programs in over 100 countries promoting a wide range of objectives related to economic growth, agriculture, and trade; global health; and democracy, conflict prevention,

Major Management Challenges

and humanitarian assistance. According to a recent General Accounting Office audit report addressing key outcomes and major management challenges, USAID has been faced with multiple programs, unclear mandates, and an out-of-balance ratio of country programs to staff and budget. Further complicating its work is the often-difficult environments and changing program demands that challenge its ability to manage for results and achieve efficient and effective programs.

In addition, Federal laws and regulations exert a powerful influence on USAID's management systems. For example, the Government Performance and Results Act of 1993 (Results Act) requires agencies to set program goals, measure program performance against those goals, and report on their progress. USAID continues to struggle with developing performance measurement and reporting systems that meet internal and external reporting requirements, including the requirements of the Results Act.

A significant element of USAID's performance management system is represented by the Annual Report, a new reporting document that is prepared by individual operating units. It provides a simplified reporting format for other required USAID reports, including a streamlined congressional budget justification. The annual reports will inform readers within and outside USAID of the results attained with USAID resources, request additional resources, and explain the use of, and results expected from, these additional resources. Information in the annual reports will be consolidated to present a USAID-wide picture of achievements.

As USAID's performance management system continues to evolve over time, the OIG keeps abreast of current developments by attending management meetings related to performance reporting and reviewing draft plans and reports. It also evaluates relevant policies and procedures, monitors compliance with existing guidelines, and makes recommendations to help USAID improve its performance measurement and results reporting systems. Recent reports on completed OIG audits have noted inadequacies in the quality of the data collected and areas for improvement in the performance monitoring plans and performance indicators of individual operating units.

In response to OIG recommendations, USAID has agreed to take action to address deficiencies noted during the audits. As the President's Management Agenda emphasizes the need to focus on results, the OIG will continue to monitor and recommend improvements to USAID's managing-for-results systems.

Procurement Management

USAID achieves development results largely through intermediaries—contractors or recipients of grants or cooperative agreements—and as a result, efficient and effective acquisition and assistance systems are critical. Under the guidance of USAID's Business Transformation Executive Committee, the Office of Procurement has been the focus of various initiatives for defining ways to improve the effectiveness of the acquisition and assistance process. These activities are in direct response to the long-standing challenges that the Office of Procurement has faced in the areas of procurement staffing, activity planning, and acquisition and assistance award and administration.

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The OIG recognizes the importance of the acquisition and assistance process to the overall accomplishment of USAID's mission and has, therefore, adopted within its strategic goals an objective to provide timely, quality services that contribute to improvements in USAID's processes for awarding and administering contracts and grants. The accomplishment of this goal entailed developing multi-year strategies to promote increased efficiency in USAID procurement processes.

The multi-year strategies have taken the form of a multi-year audit plan identifying standards for success for critical acquisition and award processes. Audit plans will be developed to identify the Office of Procurement's status in achieving these standards and steps to further identify recommendations for improvement. An audit currently in process addresses procurement staffing issues. Another audit, now in the planning stages, addresses the roles and responsibilities of the Cognizant Technical Officer function throughout the awarding and administration of contracts and grants.

Human Capital Management

To ensure USAID's ability to fulfill its mission, its human capital must be properly managed. In the summer of 2001, USAID developed a workforce analysis that highlighted several of its human capital challenges. Among the many challenges the analysis addressed were USAID's aging workforce and the resulting expected high rate of attrition due to retirement. This analysis was submitted to the Office of Management and Budget (OMB) as the first step in implementing the President's initiative for agencies to restructure their workforces.

OMB required USAID to develop a five-year workforce-restructuring plan as part of the fiscal year 2003 budget submission and performance plan. Also, in order to ensure accountability for performance and results, the Administration has developed an Executive Branch Management Scorecard system. OMB is using this scorecard to track how well departments and agencies are executing management initiatives and where they stand at a given point as they implement the President's Management Agenda.

USAID has made progress with its human capital management, but OMB has concerns because of delays in completing bureau-level reorganization plans. Nevertheless, OMB recognized that USAID, despite falling behind in this critical area, continues to pursue an ambitious human capital agenda. USAID completed a comprehensive human capital management plan by the end of fiscal year 2002; additional initiatives include an analysis of overseas staff allocations, development of standards for the use of non-U.S. direct-hire employees, and development of a comprehensive civil service recruitment plan.

To help assist USAID with its human capital challenges, the OIG is committed to increasing audit activity in this area. These efforts will build upon ongoing audits of (1) human capital baseline data and (2) management of USAID's procurement workforce levels.

Other Management Challenges

Some USAID programs require rapid expansion and implementation to address immediate problems and may operate in nations where economic and/or political instability increases the vulnerability to corruption. To ensure the effective use of U.S. funds, the OIG devotes considerable resources to such programs.

Significant Issues Affecting Central Asia

The war on terrorism has made the Central Asia region a focal point of U.S. foreign policy as it relates to humanitarian and development assistance. Of the countries in this region, Afghanistan and Pakistan are the primary recipients of this increased attention. Over the past year, the United States has provided more than \$300 million in emergency and humanitarian assistance to Afghanistan and a \$600 million grant to Pakistan. In its fiscal year 2003 budget justification, USAID requested an additional \$250 million for Pakistan and an amount yet to be determined for Afghanistan, and recently opened missions in both countries to manage this increased flow of funds.

Much like USAID, the OIG is focusing its efforts on this region. The OIG is currently conducting an audit of the \$600 million grant to the Islamic Republic of Pakistan (IRP). The grant funds were awarded in November 2001 and were to be used to make payments against existing loans provided to the IRP by several creditors, thereby releasing the grantee's existing budgetary resources for spending on poverty reduction and social development programs within the country. The OIG is also preparing to provide extensive audit coverage of all other USAID funds destined for Central Asia and plans to pattern its audit strategy for this region after strategies used in Central America and southern Africa. Those strategies depended on close collaboration with missions and other partners, employed vulnerability assessments of USAID programs and recipients, and relied heavily on local accounting firms to perform financial audits—concurrent and annual—of USAID funds.

Groundwork for the OIG audit strategy in Central Asia is underway. For example, in August the OIG met with the Mission Director for Pakistan to discuss USAID's program and related audit coverage. A similar meeting is planned with the Mission Director for Afghanistan. In addition, vulnerability assessments of planned USAID activities in Afghanistan and Pakistan will be conducted in fiscal year 2003. Anticipating the need for suitable local audit firms, the OIG solicited applications from seven internationally affiliated firms in Pakistan. Their response was immediate and overwhelmingly positive. After reviewing their qualifications, the OIG provisionally approved all seven firms to conduct audits of USAID funds in both countries. The OIG's audit strategy for Central Asia will continue to evolve with USAID's continued support for the region.

El Salvador Earthquake Recovery Program

On January 13 and February 13, 2001, major earthquakes struck El Salvador—killing 1,159 people and destroying or damaging more than 330,000 homes, according to El Salvador's National Emergency Committee. Damage to schools, hospitals, water systems, and other infrastructure was also severe. Estimates place property losses at about \$1.7 billion.

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USAID is continuing to develop and implement an Earthquake Recovery Program (ERP) to rebuild homes and help restore the economic and social welfare of the rural poor most affected by the disaster. To date, approximately \$170 million has been approved to fund the ERP through September 2004.

The OIG has worked in collaboration with USAID/El Salvador and other USAID offices to plan oversight measures to ensure that reconstruction funds are well spent. A risk-based approach is being used to establish prudent, cost-effective oversight mechanisms for each planned activity. The OIG performed a risk assessment of fiscal year 2001-funded activities last year and is currently performing one for 2002-funded activities. The OIG is also providing fraud prevention and detection training for those involved in the ERP.

Moreover, the OIG is putting into place oversight mechanisms, based in part on the OIG risk assessments, such as:

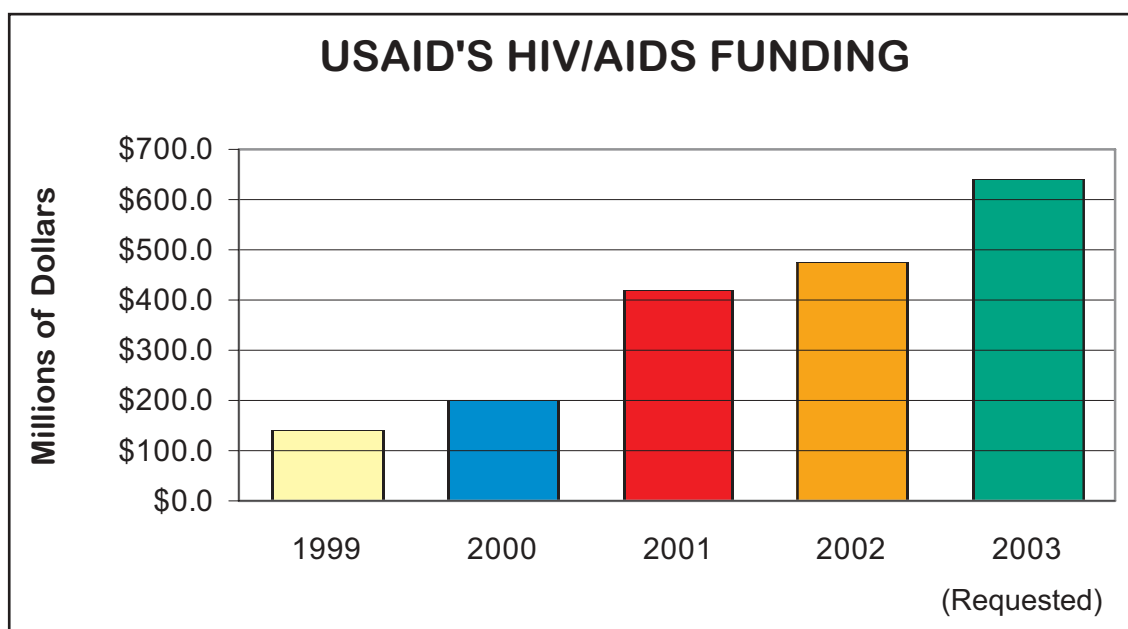
- pre-award surveys for recipients who do not have a recent performance history with USAID or whose financial management capabilities are not known;
- close supervision of reconstruction activities through (1) review of annual work plans, (2) meetings with implementing organizations and beneficiaries, (3) site visits, (4) review of vouchers supporting payment requests, and (5) review of periodic progress reports; and
- audits of USAID-funded activities—conducted in accordance with U.S. laws, regulations and auditing standards—by the Defense Contract Audit Agency, U.S.-based auditors, local accounting firms, and the Court of Accounts (El Salvador's Supreme Audit Institution, similar to the General Accounting Office). The OIG is supervising these audits and providing additional audit coverage where necessary.

To date, the OIG has issued three concurrent financial statement audits covering programs implemented by two Government of El Salvador agencies and a U.S. private voluntary organization. These audits covered \$1.7 million in USAID funds and identified one reportable internal control condition and 11 material instances of noncompliance with agreement terms and applicable laws and regulations. In addition, the OIG is conducting a performance audit of housing reconstruction activities.

HIV/AIDS

The HIV/AIDS pandemic is taking an enormous toll on many developing nations. In response, USAID funding for HIV/AIDS programs has risen dramatically over the past four years—increasing from approximately \$142 million in fiscal year 1999 to \$475 million in fiscal year 2002—and the President has requested \$640 million for fiscal year 2003 (see graph on next page). This request represents a more than four-fold increase since 1999. Recently, the U.S. response to the global AIDS pandemic has increased dramatically, and USAID HIV/AIDS programs have grown rapidly. USAID's strategy is to support those programs that can save the most lives and mitigate the most suffering with program decisions based on the principles of "direct impact" and "optimal use of funds."

Other Management Challenges



Graph shows the changes in funding for USAID's HIV/AIDS programs from 1999 through 2002 and requested funding for 2003.

To carry out this strategy, a new HIV/AIDS operational plan entitled "Stepping Up the War against AIDS" was developed to intensify USAID's battle against AIDS. This plan is designed to concentrate resources for maximum impact and address country prioritization, resource allocation, and streamlining of the programmatic processes.

USAID organized its response around three categories of countries—rapid scale-up, intensive focus, and basic. The rapid scale-up countries will receive a significant increase in resources for the expansion of prevention programs and the enhancement of care and support activities; measurable health improvements are expected within one to two years.

Resources for intensive focus countries will be increased and targeted to achieve measurable results—reduction of prevalence rates, reduction of HIV transmission from mother to infant, and increased support services for people living with and affected by AIDS—within three to five years. In low-prevalence and concentrated-epidemic countries, USAID will work with other donors toward providing a comprehensive package of prevention activities.

The new operational plan also increases the number of HIV/AIDS priority countries (i.e., rapid scale-up and intensive focus countries) from 17 to 23 and increases funding levels, technical assistance and staff allocations for these countries as well as for Washington, DC. Technical management of HIV/AIDS programs will be centered in the Bureau for Global Health's Office of HIV/AIDS (GH/OHA). GH/OHA has also been given approval authority over the technical content of mission HIV/AIDS strategies and plans and has been charged with the responsibility of monitoring the status of the pandemic and evaluating the progress and impact of USAID's HIV/AIDS programs. Missions will carry out improved monitoring and evaluation and submit data to the Bureau for Global Health, as outlined in a recent Monitoring and Evaluation Cable.

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The OIG recently completed the last of eight HIV/AIDS program audits in countries classified as either rapid scale-up or intensive focus (Cambodia, India, Nigeria, Rwanda, Senegal, South Africa, Uganda, and Zambia). These audits focused on systems currently used by the eight USAID missions to measure and report performance results. Later this year, the OIG will issue a summary report detailing any systemic issues or areas for improvement.

Southern Africa Flood Rehabilitation and Reconstruction

In response to the massive flooding that took place in southern Africa in 2000, Congress provided supplemental appropriations of approximately \$160 million for flood relief—primarily for Mozambique and Madagascar. These funds were intended to rehabilitate roads and railways, as well as to provide direct financial assistance to flood victims.

The OIG has worked closely with USAID to help ensure that these funds have been used efficiently, effectively, and for their intended purposes. The OIG, in consultation with USAID's Africa Bureau, USAID/Mozambique, and USAID/Madagascar, developed an audit strategy that included a combination of concurrent performance and financial audits to help identify and eliminate corruption, fraud, and mismanagement in the administration and distribution of the supplemental funding. This strategy was designed to provide audit coverage of over \$128 million of the supplemental funding for Mozambique and about \$13 million for Madagascar.

To date, the OIG has completed seven audits of supplemental funds for flood-related activities in Mozambique. A performance audit report issued in fiscal year 2001 dealt with controls over a USAID program that distributed cash grants directly to affected families. Another performance audit is currently underway to review USAID's monitoring of road and bridge reconstruction activities in Mozambique. Six financial audits issued in fiscal year 2002 covered road and rail rehabilitation activities, as well as cash grant distribution and other economic recovery activities managed by contractors. These audits have resulted in one procedural



Photograph of railroad tracks and station near Macarretane, Mozambique. Floods waters in 2000 reached as high as the balcony overhanging the tracks.

Other Management Challenges

recommendation and two monetary recommendations totaling \$83,000 in questioned costs. One additional financial audit is still underway in Mozambique.

The OIG has completed one performance audit of selected health services provided under flood relief activities in Madagascar. Despite a reduced USAID presence due to political unrest, two financial audits are currently underway of contracts involving road and rail rehabilitation in Madagascar.



Photograph of contractors and USAID/Mozambique staff members with the IG, Everett Mosley (third from left), the Mission Director, Jay Knott (center), and RIG/Pretoria audit team at a road reconstruction site funded by Southern Africa Flood Supplemental Appropriation.

(Chokwe, Mozambique)

Expanding Accountability

Corruption and lack of accountability are major impediments to development and threaten to negate years of economic growth, especially in areas of the world beset by political instability and violence. It is clear that audits and investigations afford one method of safeguarding USAID funds; however, the OIG actively pursues additional methods to promote accountability and transparency. For example, the OIG (1) participates in international anticorruption efforts, (2) works with Supreme Audit Institutions (SAIs) to expand their capabilities, and (3) provides financial management and fraud awareness training.

International Anticorruption Efforts

International Consortium on Governmental Financial Management (ICGFM)

The OIG is an active participant in the ICGFM Annual Conference. The Inspector General serves on the Board of Directors for 2002. The Assistant Inspector General for Audit served on the Program Committee for the April 2002 meeting in Miami, Florida. Over 400 representatives from 40 countries attended this year's program.

The International Consortium on Governmental Financial Management is the only worldwide association of those working in the field of professional government financial management. The ICGFM promotes an

exchange of information and training of government financial managers. The activities include accounting, auditing, budgeting, data processing, debt administration, and treasury management. The members are financial managers and auditors at the municipal, state, Federal and international levels.

At this year's annual meeting, the USAID Deputy Administrator delivered the keynote address on "International Crisis and the Role of the Government Financial Manager," which also served as the theme of the conference.

In addition to the USAID Deputy Administrator, the USAID OIG made several featured presentations. OIG staff from the Regional Inspector General's office in San Salvador and from the Headquarters Liaison and Special Investigations Division joined with others to provide an in-depth review of their role in the concurrent auditing and investigation oversight in response to



Photograph of Everett Mosley, USAID Inspector General (left) with Fredrick Schieck, USAID Deputy Administrator (right) and Graham Joscelyne, Auditor General for The World Bank and ICGFM President (center). USAID involvement with the ICGFM helps support financial management improvement goals of organizations and governments.

Expanding Accountability



Photograph of participants for Disaster Assistance and Concurrent Auditing panels included, from left to right: Lloyd Miller, Auditor; Roberto Mendez, Director of Audit for External Cooperation, Court of Accounts of the Republic of El Salvador; Tim Cox, RIG/San Salvador; Toby Jarman, then-Assistant Inspector General for Audit and ICGFM Program Moderator; Parvaz Shahidinejad, Financial Management Specialist, USAID/San Salvador; and Kim Smith, Special Agent in Charge.

natural disasters. The presentation focused on the experience of the Audit and Investigation staff, working in collaboration with the USAID Mission and host country officials and private organizations, to facilitate implementation and accountability for disaster recovery programs in the Latin America and the Caribbean Region. The OIG also included a Fraud Awareness briefing. These briefings, which are part of the OIG fraud-prevention strategy, provide an overview of specific areas or situations where fraud is likely to be discovered and of the use of the OIG Hotline to report allegations of fraud, waste, and abuse relative to USAID programs.

The OIG also made a presentation on the strategy for concurrent auditing of disaster assistance that provided a review of a new OIG initiative to plan for and conduct audits of activities managed by the USAID Office of Foreign Disaster Assistance. Audit work in the area, with consideration of the specialized nature of disaster response and unpredictability of natural disasters, holds many lessons for those managing financial resources targeted to response activations, as well as for those auditing in such complex environments.

Indonesian Anticorruption Commission Officials Meet with Inspector General

The Inspector General and senior staff met with members of Indonesia's Financial and Development Supervisory Board (the Board) to provide an overview of the operations of Inspectors General in the U.S. government. The Board members were in the United States as part of an extensive training program under a new Government of Indonesia initiative to address corruption in which senior managers were assigned to the Anticorruption Commission. The training activity was sponsored by the Australian International Development



Photograph of Indonesian Anticorruption Commission Officials, Maria Ulfa, Agustina Arumsari, and Handoya Sudradjat, meet with Inspector General Everett Mosley in Washington, DC.

Expanding Accountability

Agency and the Asian Development Bank. The participants were responsible for auditing and investigation activities for the Anticorruption Commission.

The Financial and Development Supervisory Board is a large government department with over 5,000 professional staff and is responsible for Internal Auditing of all government departments, agencies, and basically any entity in which the government has an interest. It is also responsible for addressing corruption within the Indonesian public sector. In addition, the Board has a sizeable Investigations Division. The discussion with the USAID/OIG included an overview of the U.S. laws and regulations that guide the operations of the offices of Inspectors General and the organization and activities of the Inspectors General government-wide.

Government Auditors from Mexico Meet with OIG

On June 28, 2002, the OIG received the distinct honor of a visit from a delegation of government auditors representing several Federal and state agencies of the Government of Mexico located at Sala de Conferencia del Banco Interamericano de Desarrollo. The purpose of their visit was to learn more about the role of the OIG in the foreign assistance mission of USAID. Throughout the morning, the Inspector General and other OIG speakers addressed the delegation in English and Spanish, explaining the unique role of the OIG. The delegates were able to hear and learn about the independence of the OIG and the way its divisions (Audit, Investigations, Management, and the Legal Counsel) work together to detect and prevent fraud, waste, and abuse.



Photograph of Osvaldo Luis Gratacos (right), USAID/OIG Attorney, with members of the Mexican delegation after his presentation on the U.S. laws and regulations governing Inspectors General.

The impact of the presentations was evident by the number of auditors that met with the speakers afterwards to ask questions and to reiterate the importance of this seminar. This is a clear indication of the guidance and changes that countries around the world need and the importance of the contributions the OIG can provide. The unique expertise the OIG possesses could guide foreign governments in creating and developing their own similar entities in countries where corruption, fraud, abuse and waste constitute the way governments operate. By sharing this knowledge, the OIG could become a leading force in the worldwide fight against corruption and fraud.

Expanding Supreme Audit Institutions' Capabilities

The OIG offices continue to work closely with selected Supreme Audit Institutions (SAIs) in countries where USAID is present. SAIs are the recipient countries' principal government audit agencies and are often the only organizations that have a legal mandate to audit the accounts

Expanding Accountability

and operations of their governments. Therefore, an SAI may be called upon to audit funds that USAID—or other donors—provide to the government of that country.

Before SAI audits can be accepted by USAID, the SAI must meet certain requirements concerning its professional capability and independence. The acceptance process usually requires that the SAI, the USAID Mission, and the OIG all sign a Memorandum of Understanding (MOU) detailing standards and procedures to be used in auditing USAID funds provided to the host government. The MOU states that the OIG will provide technical advice to the SAIs and that the OIG will perform quality control reviews on SAI work. The OIG's close relationship with the SAIs has led to significant improvements in the quality of their audit work.

OIG offices and USAID missions have signed MOUs with SAIs in 19 countries. In fiscal year 2002, 35 SAI reports have been issued and 3 new MOUs have been signed. Of the 35 audit reports, 17 were issued by SAIs in Honduras and San Salvador during this reporting period. These 17 reports provided coverage of \$50.3 million in USAID funds for Hurricane Mitch and Earthquake Recovery programs.

The OIG has entered into a unique situation in Benin, in that, the OIG has signed MOUs with two separate audit organizations - the Inspection Generale des Finances (IGF) and the Chambre des Comptes (Chamber of Accounts). The IGF is an audit unit within the Ministry of Finance responsible for auditing the government ministries, and responds to requests for audits from the President, the Ministries and donors. The Chamber of Accounts is an audit unit within the Supreme Court, and is responsible for auditing all public funds of Benin. Audit reports issued by the IGF are sent to the Minister of Finance and to the President, whereas, audit reports issued by the Chamber of Accounts have wider distribution and are available to the executive branch, the Benin Parliament, and the public.

Substantial investments of time are involved in cultivating an SAI, working with the Mission to obtain a signed agreement with the SAI, and reviewing audit reports produced by the SAI—not

SAI Country	MOU Date
Bangladesh	02/04/02
Benin ¹	09/13/99
Benin ²	08/22/02
Bolivia	09/05/95
El Salvador	08/19/99
Ethiopia	07/02/97
Ghana	02/19/98
Honduras	11/17/93
Indonesia	02/15/01
Malawi	08/04/00
Mali	01/02/96
Nepal	06/24/02
Peru	10/28/97
Senegal	04/15/99
South Africa	02/25/00
Tanzania	08/25/94
Thailand	01/25/00
Uganda	01/25/01
Zambia	01/21/99
Zimbabwe	02/11/99

Chart shows the 19 countries where OIG offices, USAID Missions, and SAIs signed MOUs. We have signed two new MOUs in this SARC period--Benin on August 22, 2002 and Nepal on June 24, 2002.

¹ Inspection Generale des Finances

² Chambre des Comptes (Chamber of Accounts)

Expanding Accountability

to mention the training and technical assistance that is often required. Since SAIs can play a vital role in helping ensure the integrity of USAID funds provided to the host government agencies, such investments are worthwhile.

OIG Training Efforts

The OIG remains committed to a proactive approach to preventing losses before they occur and continues to provide financial management and fraud awareness training to USAID employees, contractors, grantees, Supreme Audit Institutions (SAIs), and auditors from local accounting firms.

Financial Management Training

USAID's contracts and grants include provisions (cost principles) that define what types of costs are legitimate charges to support USAID programs. While the full text of these cost principles are contained in voluminous sections of the Federal Acquisition Regulation (FAR) and various Office of Management and Budget (OMB) Circulars, there generally is only a single sentence in USAID agreements that refers to the applicable section of the FAR or the applicable OMB Circular. To increase awareness of—and compliance with—cost principles and to promote the highest audit standards, the OIG has been presenting training to overseas USAID staff, contractors, and grantees. This training provides both a general overview of U.S. government cost principles and specific real-world examples demonstrating concepts such as reasonableness, allocability and various specific cost principles (e.g., travel expenses, entertainment costs). The training also includes recipient-contracted audit requirements and financial accountability issues.

Subsequent to the June 24, 2002, signing of the Memorandum of Understanding with the SAI in Nepal, the OIG conducted a two-day workshop, which included extensive coverage on how to audit USAID funds, cost principles, and fraud awareness. The training was attended by a total of 33 individuals, including auditors from the Nepal SAI and local accounting firms, and participants from USAID/Nepal's Office of Financial Management. Similar training was conducted in Indonesia and at three locations in India.

In Cape Town, Durban, and Port Elizabeth, South Africa, a total of 80 individuals from 30 different partner organizations attended and participated in discussions covering USAID's recipient-contracted audit requirements and financial accountability. The OIG also conducted training for staff members from USAID/Russia and local accounting firms. Finally, in Moldova and Ukraine, 115 individuals, including USAID staff, contractors, and grantees, attended OIG-provided cost principles training.

Fraud Awareness Training

The reduction of fraud and illegal activity through proactive initiatives remains a priority for the OIG. The following is a summary of fraud awareness training conducted during the current reporting period.

Expanding Accountability

April 2002

The OIG conducted a fraud awareness training session at USAID/San Salvador. Forty-four mission employees attended. In addition, the OIG provided fraud awareness training in Yungas, Bolivia, with 62 contractors and grantees attending. The OIG also presented a fraud awareness briefing at USAID/La Paz, Bolivia, to 44 contractors and grantees.

Further, the OIG participated in a panel discussion at the Activity Management Level I training course at the Regional Services Center in Budapest, Hungary. Twenty-five participants, representing fourteen missions, attended the training. During the course, a panel that included the Regional Controller, Regional Legal Advisor and the Contracting Officer responded to questions.

May 2002

The OIG conducted fraud awareness training in Cairo, Egypt, for 15 employees of a USAID prime contractor under the USAID/Egypt-financed Management Development Initiative.

June 2002

The OIG presented a fraud awareness briefing to 22 U.S. Peace Corps volunteers and staff at the U.S. Peace Corps in Pretoria, South Africa.

July 2002

The OIG gave a fraud awareness presentation in Cairo, Egypt, to contractor employees under a USAID/Egypt-funded Development Training II contract. There were 35 attendees, including U.S. and local project staff.

September 2002

The OIG gave 5 fraud awareness presentations in Kiev, Ukraine, and 1 presentation in Moldova to a total of 106 participants, consisting of USAID employees, contractors and grantees.

Accountability over Contractors and Grantees

USAID is required by Federal Acquisition Regulations, the Single Audit Act, Office of Management and Budget (OMB) Circulars, and its own internal policies and procedures to obtain appropriate and timely audits of its contractors and grantees. The OIG provides oversight of these audit activities, ensuring that audits are conducted in accordance with appropriate quality standards, thereby enhancing the accountability over USAID contractors and grantees. Also, in accordance with provisions in USAID contracts and agreements, the OIG reviews audit reports of foreign organizations that receive USAID funds. The OIG further enhances the accountability over grantees and contractors by providing training in U.S. government cost principles.

Expanding Accountability

Audits of U.S.-Based Contractors

U.S.-based contractors carry out many USAID-funded activities. Since 1994, according to USAID, it has requested audits, reviews, or pre-award surveys on 478 separate for-profit contractors. The Defense Contract Audit Agency (DCAA) conducts this work for USAID; the OIG then reviews DCAA's reports and transmits them to USAID management.

During this reporting period, the OIG reviewed and transmitted 23 DCAA reports on U.S.-based contractors. These reports covered approximately \$103 million in costs claimed by the contractors.

Audits of U.S.-Based Grantees and Enterprise Funds

U.S.-based nonprofit organizations (grantees) also receive significant USAID funds to implement development programs overseas. As required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," non-Federal auditors perform annual financial audits of USAID grantees that expend over \$300,000 of Federal funds annually. These auditors are required to identify (1) reportable conditions involving major programs, (2) material noncompliance with laws and regulations, (3) known fraud affecting a Federal award, (4) known questioned costs above \$10,000, (5) misrepresentations of the status of prior audit findings, and (6) the reasons why the auditor's report on compliance for major programs is other than unqualified.

The OIG provides oversight for the non-Federal auditors performing these audits and reviews non-Federal audits to determine whether auditors prepared audit reports in accordance with Circular A-133 reporting requirements. The OIG also conducts quality control reviews to determine whether the underlying audits complied with Circular A-133 audit requirements. In some instances, the OIG contracts with the Defense Contract Audit Agency (DCAA) to perform specialized financial audits of U.S.-based grantees.

Enterprise Funds are U.S.-based nonprofit organizations established under the Support for Eastern European Democracy Act of 1989. USAID has established 11 Enterprise Funds; 10 of these Funds invest in countries in Eastern Europe and Eurasia, and the eleventh invests in South Africa. Enterprise Funds are subject to annual financial statement audits performed by private accounting firms and reviewed by the OIG.

During the current reporting period, the OIG:

- reviewed and issued 23 non-Federal audit reports covering USAID funds of over \$700 million spent by U.S.-based grantees;
- completed 2 quality control reviews covering \$63 million in grantee expenditures; and
- issued 24 reports completed by DCAA on U.S.-based grantees.

Expanding Accountability

Audits of Foreign-Based Contractors and Grantees

OMB Circular A-133 does not apply to foreign-based contractors and grantees. However, given the high-risk environment in which USAID operates, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions included in grants, cooperative agreements, and contracts and through "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the OIG.

Under the Recipient-Contracted Audit program, audits are required for all foreign nonprofit organizations that expend \$300,000 or more per their fiscal year. USAID may also request financial audits of nonprofit organizations that fall below the \$300,000 threshold. With respect to foreign for-profit organizations, incurred cost audits of direct awards or cost-reimbursement host country contracts and subcontracts must be performed annually.

The OIG reviews all audit reports and, if they are found to be in compliance with the "Guidelines for Financial Audits Contracted by Foreign Recipients," transmits the report to the appropriate USAID mission. During the most recent reporting period, the OIG reviewed and transmitted 199 audits of foreign-based organizations, resulting in \$8.7 million in questioned costs and 147 recommendations. The OIG also completed 13 Quality Control Reviews to ensure that the audits were completed in accordance with appropriate audit standards.

Introduction to USAID Bureaus

The Office of Inspector General's results presented in this section are organized by the USAID unit or bureau where the audit or investigation was focused.

USAID is organized into ten major bureaus and has additional specialized offices. The bureaus are further divided by region, program focus, and support function. USAID's bureaus are:

Regional Bureaus

- Africa
- Asia and the Near East
- Europe and Eurasia
- Latin America and the Caribbean

The regional bureaus formulate, approve, direct, and implement economic assistance programs with the field mission staff under their responsibility.

Program or Pillar Bureaus

- Democracy, Conflict Prevention and Humanitarian Assistance
- Economic Growth, Agriculture and Trade
- Global Health

The pillar bureaus provide leadership, technical expertise, and management worldwide in primary focus areas. The program activity or technical expertise supports USAID's regional bureaus, field missions and other operational units.

Support Bureaus

- Policy and Program Coordination
- Management
- Legislative and Public Affairs

Centralized program and services that serve the entire USAID organization are the focus of the support bureaus. Policy formulation, coordination, budget formulation, resource allocation, management services (including information technology, personnel and financial management), and public and congressional liaison are the tasks of the three main support bureaus.

This report includes results for the OIG's work related to some, but not all, of USAID's bureaus.

Bureau for Africa

Audit of USAID/South Africa's Monitoring of the Performance of Its HIV/AIDS Program

USAID funding for HIV/AIDS programs has increased significantly over the last several years. This increase in funding has created a demand for greater accountability and reporting on the part of USAID and its operating units. This audit was one of a series of worldwide audits of USAID's monitoring of the performance of its HIV/AIDS program at the mission level.

The OIG reviewed USAID/South Africa's HIV/AIDS program to determine:

- how well the Mission monitored its program in accordance with USAID guidance;
- if the Mission's program achieved its intended results; and
- the status of the Mission's efforts to meet anticipated reporting requirements.

The OIG determined that USAID/South Africa generally monitored performance of its HIV/AIDS program in accordance with USAID guidance and that it was preparing to meet anticipated HIV/AIDS reporting requirements.

To evaluate whether USAID/South Africa's HIV/AIDS program achieved its intended results, the OIG reviewed three performance indicators: (1) condom availability, (2) access to HIV counseling, and (3) access to HIV testing. The OIG determined that the Mission achieved intended results for two performance indicators, condom availability and access to HIV counseling. However, the Mission did not achieve its intended results for the third indicator: access to HIV testing. The disappointing results were due, at least in part, to circumstances beyond the Mission's control. The Mission subsequently revised the targets for that indicator.

The OIG recommended that the Mission update its Performance Monitoring Plan to include a description of the data quality assessment procedures and to provide a detailed description of the indicator, access to HIV counseling.

USAID/South Africa concurred with the recommendation and has begun corrective action.

(Audit Report No. 4-674-02-006-P)

Audit of USAID/Nigeria's Monitoring of the Performance of Its HIV/AIDS Program

In response to the HIV/AIDS pandemic, USAID funding for its HIV/AIDS programs has risen dramatically over the past three years, from \$142 million in fiscal year 1999 to over \$300 million in fiscal year 2001. The audit was one of a series of worldwide audits aimed at measuring program performance.

Bureau for Africa

To evaluate USAID/Nigeria's monitoring of its HIV/AIDS program, the OIG selected and reviewed three of the six performance indicators from the Mission's Performance Monitoring Plan (PMP):

- the number of condoms sold;
- the proportion of targeted groups reporting condom use in the most recent act of sex with a non-regular partner; and
- the portion of AIDS patients managed at home through community-based organizations.

The OIG concluded that USAID/Nigeria did not monitor performance of its HIV/AIDS program in accordance with USAID guidance. In addition, the Mission had not initiated specific actions to meet the anticipated HIV/AIDS reporting requirements.

To evaluate whether the Mission was achieving its intended results, the OIG selected and reviewed two performance indicators from the Mission's PMP. The audit concluded that the Mission achieved its intended result for one performance indicator, the number of condoms sold. However, the OIG could not assess the Mission's performance relating to the second indicator, condom use, because the Mission did not set a target for this indicator in fiscal year 2000. The OIG also noted that incorrect fiscal year 1999 performance data was reported in the Mission's Results Review and Resource Request.

To correct the weaknesses, the OIG recommended that USAID/Nigeria complete and finalize its Performance Monitoring Plan, provide training on performance monitoring, and perform and document data quality assessments for all its indicators. In addition, the OIG recommended that the Mission correct the data reported for number of condoms sold for fiscal year 1999 and establish targets for all indicators used to monitor the performance of its HIV/AIDS programs.

The Mission concurred with the recommendations and has begun taking corrective action.

(Audit Report No. 7-620-02-004-P)

Audit of the USAID-Financed Basic Education Program in Benin

In 1991, the Benin education system was in total collapse, characterized by low enrollment rates, lack of qualified teachers, lack of appropriate teaching materials and other problems. In conjunction with the Ministry of Education, grantees, and contractors, USAID/Benin developed the Basic Education Program (BEP).

The objectives of the audit were to determine (1) whether the BEP was meeting its intended results and (2) if selected recipients were complying with the terms of their agreements. The OIG selected two BEP activities and associated recipients for review. Based on the results of the review, USAID/Benin's BEP is making progress in meeting its intended objectives, and the selected recipients are generally complying with the terms of their agreements.

Bureau for Africa

However, the OIG identified three reporting weaknesses related to the OIG's audit objectives and, in an unrelated matter, improper use of informal commitments. The OIG determined that (1) one recipient's quarterly performance reports did not report achieved output data in a manner consistent with the proposed outputs per the grant agreement, (2) another recipient did not prepare and submit its quarterly performance reports in a timely manner, and (3) USAID/Benin did not submit Contractor Performance Evaluation Reports to one recipient on an interim basis, as required. The OIG also determined that informal commitments were made in implementing the BEP and other USAID/Benin activities.

To correct the weaknesses, the OIG recommended that USAID/Benin (1) develop an agreed-upon reporting format for monitoring BEP progress, (2) develop a plan of action that notifies both the recipient and Mission Director when instances of noncompliance occur, (3) develop internal control procedures to ensure that performance evaluation reports are submitted to recipients in a timely fashion, and (4) establish procedures to use the USAID standard miscellaneous obligation form and provide training to Mission employees on informal commitments.

USAID/Benin agreed with all findings and recommendations.

(Audit Report No. 7-680-02-005-P)

Concurrent Audit of USAID/Madagascar's Performance Monitoring of Selected Health Services Funded by the Southern Africa Floods Supplemental Appropriation

In 2000, three cyclones caused extensive damage in Madagascar, affecting over one third of the entire country. The cyclones caused substantial wind, flood, and landslide damage and crop loss leading to food shortages affecting approximately 300,000 people and killing 200.

Madagascar's needs were aggregated with those of Mozambique, South Africa, and other affected countries into a request for the Southern Africa Floods Supplemental Appropriation. The supplemental appropriation provided \$3 million to Madagascar to assist in the repair of the damage caused by the cyclones.

The OIG performed this concurrent audit to determine if USAID/Madagascar monitored contractor performance in providing selected health services under the supplemental appropriation. The OIG determined that USAID/Madagascar adequately monitored performance in providing selected health services.

The audit report contained no recommendations.

(Audit Report No. 4-687-02-005-P)

Bureau for Africa

Investigation Leads to Indictment and Conviction

An OIG investigation of a former employee of a Virginia-based, USAID-funded Private Voluntary Organization (PVO) resulted in the individual being indicted on 15 counts of embezzlement and money laundering in the Eastern District of Virginia. The former employee, the head of finance of the PVO, embezzled USAID funds from the PVO's bank account and deposited them in a personally owned business account. This was done by fraudulently completing blank PVO checks previously signed by the company's president. In furtherance of the scheme, the subject (the former head of finance) authorized the PVO's banks to wire money to the subject's privately owned business account on three occasions, then destroyed or altered the PVO's cashier checks and bank statements to conceal the illicit activity.

The subject used the embezzled funds for personal expenditures, including the purchase and development of a Sterling, Virginia, home. Accordingly, the United States Attorney's Office levied a notice of forfeiture upon the property on behalf of USAID.

The subject cooperated with the investigation and entered a guilty plea in Federal court in June 2002. In September 2002, the subject was sentenced to 21 months' incarceration, followed by three years' supervised release, and ordered to pay \$288,333 in restitution to USAID.



Photograph of the Sterling, VA, home purchased with embezzled USAID funds.

Bureau for Asia and the Near East

Audit of USAID/Cambodia's Monitoring of the Performance of Its HIV/AIDS Program

This audit was part of a worldwide series of audits to examine USAID's performance monitoring of its HIV/AIDS program. USAID funding for HIV/AIDS programs has increased dramatically since 1999. Specifically, USAID/Cambodia's funding for HIV/AIDS activities increased from \$2.5 million in fiscal year 1999 to \$10 million in fiscal year 2001.

The OIG reviewed USAID/Cambodia's HIV/AIDS program to determine (1) how well the Mission monitored its program in accordance with USAID guidance; (2) if the Mission's program achieved its intended results; and (3) the status of the Mission's efforts to meet anticipated reporting requirements.

To evaluate USAID/Cambodia's monitoring of its HIV/AIDS program, the OIG reviewed three performance indicators: (1) condom sales, (2) condom use, and (3) sexually transmitted infections (STI) care.

The results of the OIG's audit work determined that the Mission partly complied with USAID guidance and is preparing to meet additional reporting requirements. In addition, the audit determined that the Mission exceeded intended results for the condom sales performance indicator. However, the auditors could not determine the success of the programs for condom use and STI care because USAID/Cambodia did not establish performance targets. Moreover, the OIG determined that USAID/Cambodia needed to address additional issues: (1) ensuring that its implementing partner utilize adequate controls over its operations in Cambodia and (2) establishing performance measures for children affected by AIDS activities.



Photograph of an OIG auditor, Rose Fatma, and an STI clinic nurse discussing patient care.

(Svay Pak, Phnom Penh, Cambodia)

The audit report made seven recommendations:

- prepare a Performance Monitoring Plan that meets all the requirements of USAID guidance;
- establish performance targets;
- perform and document data quality assessments;
- review partner expenditures;
- implement controls over partners' project operations;

Bureau for Asia and the Near East

- establish performance measures for activities for children affected by AIDS; and
- ensure increased availability of condoms to provinces and military bases.

USAID/Cambodia agreed to implement all recommendations.

(Audit Report No. 5-442-02-002-P)

Audit of USAID/Morocco's Accountability for Local Costs of U.S.-Based Grantees and Contractors in Africa

The United States provides development assistance to Morocco through a variety of U.S.-based profit and non-profit organizations that maintain offices in Morocco to implement contract activities. While the costs incurred by these organizations are subject to numerous regulations, the costs that are locally incurred are not usually subject to direct audit coverage.

The OIG designed the audit to determine whether USAID/Morocco adequately monitored the local costs of U.S.-based grantees and contractors to ensure that these costs were allowable, allocable and reasonable. The OIG determined that the Mission was in general compliance with USAID guidance concerning financial audits of grantees and contractors. However, based on limited testing of locally incurred costs, the OIG determined that over \$10,000 in questioned costs was incurred locally by three of the four contractors tested.

The OIG recommended that USAID/Morocco recover all amounts determined to be unallowable, unallocable, unreasonable, or unsupported and that it update its two mission orders concerning the management of financial audits of contractors, grantees and host government recipients.

USAID/Morocco management generally agreed with the findings.

(Audit Report No. 7-608-02-001-F)

Audit of USAID-Financed Technical Assistance for Agricultural Activities in Egypt

The purpose of this audit was to determine if USAID/Egypt monitored the technical assistance provided for Egypt's agricultural sector in accordance with USAID guidance. USAID/Egypt generally followed USAID guidance; however, the Mission needed to place greater emphasis on the contract modification process.

The OIG recommended that the Contracting Officer add to the contract Statement of Work the task-level milestones that were omitted during the contract modification process.

USAID/Egypt agreed with the audit finding and implemented the recommendation.

(Audit Report No. 6-263-02-004-P)

Bureau for Asia and the Near East

Audit of USAID-Financed Public Law 480 Title II Food Aid Activities in India

USAID/India and its partners generally monitored the food aid to help ensure that it reached the intended beneficiaries. However, the audit identified opportunities to improve this monitoring, particularly in the areas of food storage and record keeping. In addition, USAID/India needs to resolve the issue of genetically modified food² with the Government of India—an issue which has resulted in some food aid being detained in port warehouses for over six months, with storage and other charges in excess of \$250,000.



Photograph of an OIG auditor, Mark Ellis (left), and local officials testing inventory records of commodities that India received as part of the P.L. 480 Title II Program.

(Vishakhapatnam, India)

The report made five recommendations. USAID/India accepted all five recommendations and has begun taking action.

(Audit Report No. 5-386-02-003-P)

Investigation Results in Resignation

A senior Foreign Service National (FSN) specialist in North Africa resigned after an OIG investigation found that the employee had violated ethics rules and regulations relative to a conflict of interest. While assigned as Cognizant Technical Officer (CTO) overseeing two contracts, the FSN accepted the same contractor's assistance and sponsorship for the publication of a book that the employee had written. Although the contractor arranged with a printing company to have the FSN's book printed free of cost, the OIG investigation determined that the book's actual printing costs amounted to over \$1,000.

Investigation Results in Two Convictions for False Statements

During the previous reporting period, the OIG noted that the President of an Illinois company had been indicted for submitting false statements on a USAID-funded Commodity Import Program (CIP) transaction in Egypt. In July 2002, the company and its President pled guilty to charges stemming from the OIG investigation. The President pled guilty to one count of submitting a false demand against the United States, for which he was sentenced to one year's probation and ordered to pay restitution in the amount of \$41,309. On the same day, the company pled guilty to one felony count of filing a false statement. The company is jointly and severally liable for the \$41,309 in restitution ordered by the court.

² Genetic modification of an organism involves altering its genes to alter its characteristics. In this case, genetically modified soybeans, a food, have been developed to withstand the use of herbicides. The Government of India has recently begun to regulate the importation of genetically modified foods because it is concerned about the effects of such foods on health.

Bureau for Asia and the Near East

The company, a scientific equipment distributor, sold a spectrometer to an Egyptian university. The transaction was financed under the USAID Commodity Import Program. The OIG investigation was initiated based on a complaint from the importer that the equipment did not conform to the specifications and description on the pro forma invoice that the vendor had submitted. The investigation revealed that the source of the scientific equipment was actually Belarus rather than the United States. In addition, the price of equipment had been marked up significantly, with the company inflating the price to include over \$41,000 in commissions and kickbacks to an Egyptian agent. Furthermore, the exporter falsely certified on forms submitted to USAID that the equipment was of U.S. source and origin and that the price of the transaction did not include any commissions, side payments or kickbacks.

Bid Rigging Investigation Results in Jail Term for Company President

The OIG previously reported that in February 2002, a Federal jury in the U.S. District Court in Birmingham, Alabama, found the former president of an international construction company guilty on both counts of a Federal indictment, charging him with (1) conspiracy to rig bids on USAID-funded construction projects in the Arab Republic of Egypt in violation of the Sherman Antitrust Act and (2) conspiracy to defraud the United States. In May 2002, the former president was sentenced to serve a term of three years in Federal prison and ordered to pay a criminal fine of \$25,000.

Investigation Leads to \$48,430 Payment

A U.S. corporation submitted a voluntary disclosure to the OIG, advising that the corporation had become aware that certain products it sold to a prime contractor for the USAID-funded Telecommunications Sector Support (TSS) Program in Egypt did not comply with USAID regulations. More specifically, the corporation disclosed that as a subcontractor on the USAID-funded \$20 million contract, it had erroneously supplied non-U.S. manufactured products valued at \$48,430.

The subsequent OIG investigation revealed that the sale of the non-U.S. manufactured products did violate the regulations on the source, origin, and nationality for commodities financed by USAID. The OIG investigation also confirmed the company's assertion that the supplying of the non-compliant products was an unintentional mistake on the part of its employees. Accordingly, the company submitted a check to USAID in the amount of \$48,430 as a settlement for the non-compliant products.

Investigation Leads to Personnel Suspension

An OIG investigation was initiated based on an allegation that a Regional Contracting Officer (RCO) had violated conflict of interest laws by participating in decisions related to a USAID prime contractor, which had subcontracted to a company owned by the RCO's wife.

The Defense Contract Audit Agency (DCAA) had submitted an audit report to USAID/Manila indicating that subcontractors to the USAID prime contractor had overbilled the U.S. govern-

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ment by more than \$150,000, including over \$11,000 for the company owned by the RCO's wife. The USAID/Manila Controller prepared a letter to the USAID prime contractor requesting payment for the overcharged amount. The Controller then forwarded the letter to the RCO for final review and signature. However, the RCO modified the letter and informed the contractor that it did not have to pay USAID for the amount overcharged by its subcontractors.

The RCO later admitted that he should have recused himself from any matter that would have had a direct or indirect effect on his wife's company. Consequently, in a letter to the USAID prime contractor, the RCO reversed his earlier decision regarding the contractor's responsibility to pay USAID for the amount overcharged by the subcontractors.

The matter was referred for prosecution to the U.S. Attorney's Office in Washington, DC but was declined. In June 2001, the OIG referred the matter to USAID for possible administrative action.

Subsequently, USAID suspended the RCO for 14 days.

Investigation Results in Termination and Contract Cancellation

An investigation in Egypt into contractor and subcontractor personnel submitting false Biographical Data Sheets to inflate their salary history resulted in the termination of a primary contractor employee for cause and the termination of the subcontract. The contractor was engaged in a USAID-funded privatization project in Cairo. It is estimated that cancellation of the subcontract resulted in a savings of \$410,000 for USAID.

Bureau for Europe and Eurasia

Audit of USAID Regional Mission for Ukraine, Belarus and Moldova's Monitoring of American International Health Alliance's Performance in Ukraine

This audit was designed to test the monitoring of American International Health Alliance's (AIHA's) performance in Ukraine by the USAID Regional Mission for Ukraine, Belarus and Moldova (USAID/Ukraine). Since 1992, AIHA and USAID have collaborated in a public-private partnership between American health care providers, educators and leaders to improve health care services in 21 nations of Central and Eastern Europe and the New Independent States of the former Soviet Union.

The OIG found that USAID/Ukraine generally monitored AIHA's performance to ensure that intended results were achieved. In addition, the OIG determined that the Primary Health Care Clinics and Women's Wellness Centers operated as reported and were staffed by well-trained Ukrainian health professionals that used USAID-supported equipment. However, monitoring and reporting could be improved.

The OIG recommended that USAID/Ukraine strengthen its monitoring by (1) obtaining and approving AIHA's monitoring and evaluation plan, (2) assessing and planning for future performance monitoring site visits, and (3) better documenting and reviewing its performance reporting.



Photograph of medical staff displaying an anti-smoking poster.

(Photo by RIG/Budapest)

USAID/Ukraine concurred with the OIG's findings and recommendations.

(Audit Report No. B-121-02-003-P)

Quality Control Review of the Audit of the Hungarian American Enterprise Fund for the Fiscal Year Ended September 30, 2001

The Office of Inspector General conducted a quality control review of the audit performed on the Hungarian American Enterprise Fund's financial statements for the year ended September 30, 2001. The review found that the audit firm that conducted the quality control review satisfied the applicable U.S. Government Auditing Standards in many material respects. However, that review also determined that the audit firm had not undergone the external peer review required by those standards. Moreover, not all of the audit firm's staff had satisfied the continuing education requirements detailed in the standards. These deficiencies were reported to the management of the audit firm and the Hungarian American Enterprise Fund, as well as to USAID's Bureau for Europe and Eurasia.

(Quality Control Review B-185-02-001-Q)

Bureau for Europe and Eurasia

Investigation Results in Conviction for False Statements

In July 2002, the former Chief of Party of a USAID grantee in Moscow pled guilty to filing false statements. The OIG investigation began when a confidential source revealed various improprieties by the Moscow-based managers of the program for democracy building and business enterprise development in Russia. The investigation, conducted jointly with OIG Audit, determined that the Chief of Party falsified documents to obtain payment for expenses that were found to be bogus. The OIG inquiry and a Mission financial review identified unauthorized charges of approximately \$52,000. The claimed expenses included legal fees from a law firm that did not exist and charges for two fictitious employees. Sentencing of the former Chief of Party is scheduled for October 2002. As a further result of the investigation, a local financial manager also resigned.

Investigation Yields Demand Letter for \$36,350

As a result of an OIG investigation, USAID issued a demand letter to a Washington D.C.-based grantee for USAID/Ukraine requesting payment in the amount of \$36,350 for questionable costs. These costs were part of a side agreement between the grantee and a charitable trust managed by a member of the U.S. House of Representatives. As part of the agreement, the grantee paid the salary and expenses of a local Ukrainian employee of the charitable trust. The agreement specifically stated that the Ukrainian employee would work for and report directly to the member of the U.S. House of Representatives.

Since the agreement was not brought to the attention of, nor approved by, USAID, the cost of the Ukrainian employee was not attributable to the USAID project.

Investigation Yields Recovery over \$14,000

An OIG investigation in Sarajevo, Bosnia, determined that a USAID contractor had conducted a business development activity without properly allocating time or resources. The company, which was engaged in de-mining work throughout Bosnia, established a separate corporation to bid on similar work for other donor organizations. The investigation determined that personnel working for the USAID contractor devoted part of their time and resources to develop and acquire non-USAID contracts for similar activities in the region. An examination of corporate records and interviews of company employees indicated that time sheets did not accurately reflect hours spent on business development activity. The investigation determined that \$14,281 in charges was for business activity not directly authorized by the USAID contract. Meetings with corporate officials and USAID project managers articulated the requirement to accurately report hours spent on business development with other donor organizations, and not to charge this activity to USAID. Accordingly, the contractor refunded the questioned charges.

Investigation Results in Disallowed Costs over \$44,000

Mission officials in Moscow disallowed \$44,243 in costs by a Russian contractor after an OIG investigation uncovered questioned accounting practices and charges. The investigation

Bureau for Europe and Eurasia

showed that the contractor claimed costs for expenses without proper supporting documentation or explanation. The contractor received a one-year grant to study and recommend ways to promote energy efficiency, with special focus on orphanages in the Russian Far East. The investigation determined that the contractor received work from other donor organizations, but did not properly allocate costs among them. However, the investigation found no evidence of fraud, and the contractor did not contest the disallowed costs.

Investigation Leads to Guilty Pleas

As a result of a joint OIG, Federal Bureau of Investigation (FBI), and Department of Justice Criminal Fraud Section investigation, two former executives of a USAID enterprise fund pled guilty to offenses in connection with a scheme to defraud a USAID development program. One of the former executives pled guilty to (1) conspiracy to defraud the United States, (2) government program fraud, and (3) mail fraud; while the other executive pled guilty to (1) conspiracy to defraud the United States, (2) government program fraud, and (3) violation of the Foreign Corrupt Practices Act. Together, both executives illegally diverted in excess of \$600,000 from USAID enterprise-related projects.

The investigation revealed that the former executives caused contracts relating to USAID enterprise projects to be artificially and fraudulently inflated. This allowed the executives to receive unlawful kickbacks from the excessive amounts of the contracts. The illegal proceeds were used to purchase a 40-foot yacht and obtain a brokerage account valued at \$150,000. Both the yacht and brokerage account were seized by the government.

Sentencing for both individuals is scheduled for November 22, 2002.



Photograph of a yacht seized pursuant to OIG investigation linking former employees of a grantee organization to illegal activity.

Bureau for Latin America and the Caribbean

Audit of Certain USAID/Bolivia Fiscal Year 2001 Financial Operations

The OIG performed this audit to determine whether USAID/Bolivia's advances and disbursements were processed in accordance with USAID policies and applicable laws and regulations.

USAID/Bolivia's Office of the Controller manages financial operations for USAID/Bolivia, USAID/Brazil, and USAID/Paraguay. During fiscal year 2001, USAID/Bolivia made 442 advances totaling \$16.5 million and 14,477 disbursements totaling \$105 million.

The OIG determined that the USAID/Bolivia Office of the Controller performed its duties in accordance with relevant USAID policies and procedures and applicable U.S. laws and regulations, except that the check data was not always entered into its electronic voucher processing system.

The Mission took appropriate action to correct the weaknesses; therefore, the OIG made no audit recommendations.

(Audit Report No. 1-511-02-002-F)

Audit of the USAID-Financed Yungas Development Initiative

The OIG conducted this audit to determine how program funds were spent, whether the Yungas³ Development Initiative was on schedule to achieve planned outputs, and if USAID/Bolivia implemented a monitoring system in accordance with USAID policies to track program outputs for all active agreements.

The OIG determined that USAID/Bolivia spent approximately \$3.3 million through December 31, 2001 on six activities and their oversight. These activities included infrastructure, community development, technical assistance, and health activities. The audit determined that the Yungas Development Initiative was not on schedule to achieve planned outputs; however, USAID/Bolivia monitored the quality, timeliness, and environmental impact of outputs in accordance with USAID policies.

The OIG made no recommendations because the causes behind the delays in achieving planned outputs had been resolved and the Mission had already taken action to speed up impacted activities.

(Audit Report No. 1-511-02-012-P)

³ The Yungas is a sub-tropical region covering an area of 15,058 square miles near the capital of Bolivia. It has a population of approximately 245,000 people.

Bureau for Latin America and the Caribbean

Audit of USAID/Mexico's Program to Develop Institutional Capacity to Diagnose, Control and Monitor Tuberculosis

The OIG audited USAID/Mexico's tuberculosis program to determine whether the program was on schedule and whether USAID/Mexico had plans for using the equipment purchased for the program.

The OIG found that USAID/Mexico's tuberculosis program was not on schedule as of December 31, 2001, because the Government of Mexico agency in charge of implementing the program stopped cooperating with USAID/Mexico in April 2001. The implementing agency stopped cooperating with USAID because it had not been fully and effectively informed in advance of the signing of the grant agreement that it would be required to comply with U.S. laws and regulations governing procurement and the hiring of personnel. USAID/Mexico had plans for using the equipment purchases for the program once the program was re-initiated.

The OIG did not make any recommendations because USAID/Mexico and the Government of Mexico were close to resolving the problems that had affected the program.

(Audit Report No. 1-523-02-009-P)

Audit of USAID/Peru's Recipient Audit Inventory

The OIG performed an audit to determine whether the recipient audit inventory for USAID/Peru was complete and accurate, and whether required audits were conducted in a timely manner.

The OIG found that the audit inventory was incomplete, since 20 awards (17 percent) of 117 contracts, grants, and cooperative agreements were not included. In addition, the audits were not conducted in a timely manner. Of the 27 audits that should have been submitted by September 30, 2001, 23 were submitted late, and 2 had not been submitted by the end of the OIG's fieldwork on February 15, 2002.

The OIG recommended that USAID/Peru implement controls that provide reasonable assurance that all contracts, grants, and cooperative agreements are included in the audit inventory and that the Mission schedule an audit of a specific non-government organization. The OIG also recommended that the Mission, as a one-time measure, arrange with recipients for a single catch-up audit to cover all periods that have not yet been audited in conjunction with the audits of the current year and require that recipients sign audit contracts no later than six months before the end of the year to be audited.

USAID/Peru was in general agreement with the findings and recommendations.

(Audit Report No. 1-527-02-010-P)

Bureau for Latin America and the Caribbean

Audit of USAID-Financed Alternative Development Activities in Peru

The OIG conducted an audit to determine how program funds were spent, how USAID/Peru modified its alternative development activities in response to a mid-year evaluation, and if USAID/Peru implemented a monitoring system in accordance with USAID policy to track program outputs for all active contracts.

The results of the audit indicated that USAID/Peru spent approximately \$121.2 million through December 31, 2001 on infrastructure, technical assistance, and monitoring. The mid-term evaluation was used to evaluate progress and to implement program changes. In addition, USAID/Peru monitored the quality, timeliness, and environmental impact of outputs in accordance with USAID policy.

The OIG did not make any recommendations.

(Audit Report No. 1-527-02-011-P)

Audit of the Eastern Caribbean Regional Reconstruction Activities Financed Under the Central America and the Caribbean Emergency Disaster Recovery Fund

The OIG conducted an audit to determine whether Eastern Caribbean disaster reconstruction activities, financed under the Central America and the Caribbean Emergency Disaster Recovery Fund, were on schedule to achieve planned outputs. In May 1999, Congress passed the Emergency Supplemental Appropriations Act, creating the Fund. This action provided a total of \$621 million in reconstruction assistance for countries hit by hurricanes in 1998 and for earthquake damage in Colombia.

The results of the audit indicated that the reconstruction activities were on schedule, and the audit report contained no recommendations.

(Audit Report No. 1-538-02-008-P)

Audit of USAID/Honduras' Executive Office Operations

The OIG performed this audit at the request of USAID/Honduras. USAID/Honduras had been without a permanent Executive Officer for the two years prior to the audit and wanted to determine whether proper procedures were being followed. The audit examined whether Executive Office operations were performed in accordance with USAID policies and applicable laws and regulations, focusing on the areas of procurement, leases and maintenance, warehouse operations, personnel management, and motor pool operations.

The audit included several positive findings in these areas but also noted areas where improvements were needed. Specifically, improvements were needed in the following areas: (1) procurement planning for expendable property, (2) leased office space, (3) utility expenses, (4) separation of duties for supply room and leasing functions, (5) control over auction

Bureau for Latin America and the Caribbean

proceeds, (6) supply room inventory, (7) motor pool management, (8) composition of hiring boards, (9) personal use of office phones, (10) cellular phone use, and (11) policies for long distance telephone calls. The overall cause of these problems was an absence of adequate supervision, which resulted in normal USAID policies and procedures not being followed.

The report contained 11 recommendations to correct the problems in the areas described above.

USAID/Honduras agreed with the recommendations and has already begun implementation.

(Audit Report No. 1-522-02-013-P)

Investigation Results in Incarceration of Former PVO Official

The OIG previously reported that, in January 2002, a former director of finance of a USAID-funded private voluntary organization (PVO), which had provided technical assistance and training to the Honduran Environmental Protection Fund Project staff, had pled guilty to embezzling \$47,578 in PVO funds. Subsequently, in July 2002, the individual was sentenced to serve a term of 12 months and one day in Federal prison and ordered to pay restitution in the amount of \$47,578.

Investigation Results in Termination

The OIG received an allegation that a USAID/Honduras Foreign Service National (FSN) employee was loaning money to Mission personnel at exorbitant rates. An investigation was conducted which concluded that members of the Mission guard force and Mission clean-up crew were involved with the FSN's loan operation. The FSN employee was terminated on April 30, 2002.

Bureau for Democracy, Conflict and Humanitarian Assistance *(formerly Bureau for Humanitarian Response)*

Investigation Results in Demand Letter for \$9,647

An OIG investigation was initiated based on information that a supplier of disaster response equipment possibly overcharged USAID for rain jackets.

The investigation confirmed that the supplier provided the same brand of rain jacket specified in the purchase order; however, the jackets provided were determined to be a different—and a substantially cheaper—model. The difference in price between the two models of rain jackets was approximately \$121, which resulted in a total overcharge of \$9,647 on the 80 rain jackets ordered by USAID.

Since the investigation found insufficient evidence to prove that the president of the supply company knowingly and willfully made false statements and/or claims to USAID with regards to the rain jackets, the investigative findings were provided to USAID for administrative resolution. Accordingly, in April 2002, USAID issued a demand letter to the president of the supply company for \$9,647.

Bureau for Management

Audit of USAID's Staff Training and Development Activities

The importance of training and development programs to the success of an organization has been addressed in many recent Federal reports, studies, and publications. Within USAID, staff training and development are the responsibility of the Management Bureau's Office of Human Resources/Learning Support Division (M/HR/LS).

The OIG found that USAID has established and implemented measures to train and develop its staff to meet its needs. A skills matrix for the Foreign Service has been developed that lists the six core skills and specifies the performance levels depending on grade levels. Core competencies for civil service employees are based on competencies established by the Office of Personnel Management (OPM). Intensifying reform-related training—including a leadership and programs operation program and a new competency-based technical program—has been identified as one of four USAID-wide priority areas to achieve the vision of evolving into a model international development agency.

However, the OIG also found that USAID does not have a system for accurately determining what training its employees have already received, making it difficult to identify training gaps for individual employees or for USAID overall. Currently, there is no database of training records for U.S. direct-hire employees, and there has never been a training database for personal service contractors (PSCs) or Foreign Service Nationals (FSNs). Records of completed training in courses sponsored by overseas missions are also unavailable at M/HR/LS. Furthermore, there are no formal procedures to collect information on training courses procured by overseas missions. Such data would provide a "clearinghouse" of information on these activities so that multiple missions would not individually buy identical or similar training courses but would, instead, obtain a savings by collectively buying the development of a course.

The OIG recommended establishment of a training database to include training data for direct-hires, PSCs and FSNs, as well as training sponsored by the overseas missions. The OIG also recommended that M/HR/LS develop procedures to collect information on courses already procured by overseas missions for dissemination to other missions.

M/HR/LS agreed with the report's recommendations.

(Audit Report No. 9-000-02-005-P)

Audit of USAID/Washington's Management of Its Photocopying Program

The Office of Administrative Services manages the photocopying program for USAID offices in the Ronald Reagan Building. This program consists of 125 convenience photocopiers supplied by three manufacturers under various lease and maintenance agreements. On average, the USAID/Washington offices produce over 1 million photocopies each month at a cost of nearly \$1 million per year, excluding staff costs. The OIG conducted an audit to deter-

Bureau for Management

mine whether the Office of Administrative Services managed its photocopying program economically and efficiently.

The OIG concluded that the Office of Administrative Services did not manage the program economically and efficiently, as its overall cost per copy was 6½ cents, whereas alternative photocopying management services were available at a cost of 1½ to 3½ cents.

USAID's high cost was incurred because it underutilized its copying capacity. Given USAID's current photocopying demand, the OIG conservatively estimated that it is incurring at least \$400,000 per year more than what is reasonable. Accordingly, the OIG estimated that USAID could save (or put to better use) at least \$1.6 million over four years, the average useful life cycle for photocopying machines. In addition to USAID's high cost, the management of its photocopying program was deficient in critical internal control areas.

The OIG recommended that the Office of Administrative Services outsource the management of the photocopying program under a cost per copy agreement in order to save at least \$400,000 annually, and implement management controls over the operation of that agreement.

USAID management has not yet agreed with the recommendation to outsource the management of the photocopying program due to their concerns with current contractual arrangements. However, USAID management is investigating a staged implementation. The OIG will continue to work with USAID management to attain a resolution.

(Audit Report No. A-000-02-004-P)

Quality Control Review Reveals Additional Questioned Costs

During a quality control review of the audit working papers of a USAID grantee, the OIG identified an audit issue related to timekeeping that required further attention. In its documentation, the audit firm identified an instance where the grantee did not have proper timekeeping procedures at one of its international locations. Since this issue was not reported because it was considered to be isolated and immaterial, the OIG asked the grantee's auditors to re-visit the issue and suggested that associated questioned costs could be up to \$108,000. The auditors performed additional work and determined that proper payroll approvals by responsible officials were not performed, as required by OMB Circular A-122, and also identified \$58,000 of questioned costs associated with the allowability of payroll at this location. As a result of the OIG's review, the auditors are now working to ensure that the questioned costs are properly reported and that USAID and the grantee are informed of this condition.

(Quality Control Review 0-000-02-006-Q)

African Development Foundation

In November 1999, the President signed Public Law 106-113, which amended the Inspector General Act of 1978 by assigning audit and investigative responsibilities to the USAID/OIG for the African Development Foundation (ADF). ADF is a U.S. government corporation.

ADF began field operations in 1984 and provides grants directly to community groups in Africa. Based in Washington, D.C., and governed by a seven-member Board of Directors appointed by the President of the United States, ADF receives its funding from congressional appropriations and also obtains supplemental funding from public and private sources. As of September 2002, ADF supported 218 projects in 13 African countries. Its budget in fiscal year 2002 was approximately \$16 million.

OIG Strategy

The OIG is implementing a comprehensive strategy to maintain effective oversight of ADF operations that includes financial and performance audits. The first key aspect of the strategy lies in the OIG's annual audit of ADF's organization-wide financial statements. The OIG coordinates the work to achieve the most timely and cost-effective audit and provides technical audit advice and liaison to ADF and its auditors on a continual basis. Also, the OIG advises the auditor and, where appropriate, ADF of any deficiencies found in the audits when the deficiencies require corrective action by the auditor and presents audit recommendations to ADF through annual financial statement audit reports.

Performance audits also play a key role in maintaining ADF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected ADF operations. These assessments were used to determine where selected ADF operations could be vulnerable and to assist the OIG in developing future plans. Further, the OIG has disseminated information to ADF and conducted employee briefings on the OIG "Hotline." ADF employees and others can contact the OIG Hotline or the OIG directly to report their concerns about ADF operations. Finally, the OIG will, at all times, remain responsive to any congressional concerns regarding ADF.

Management Challenges

In pursuit of their mission, ADF faces a number of problems, concerns, and difficult issues. This section describes the continuing efforts by ADF to address those major management challenges and OIG efforts to assist in meeting these challenges.

Performance Monitoring

Prior to fiscal year 2002, ADF established and funded Country Liaison Offices (CLOs) in countries with active grantee projects to help grantees establish benchmarks, prepare monitoring and assessment plans, maintain accounting systems, and submit complete and accurate performance reports to ADF. In addition, CLOs submitted their own periodic reports to ADF describing grantees' progress and the condition of the grantees' financial systems.

African Development Foundation

In response to an OIG audit⁴, ADF decided to replace its CLOs with two new mechanisms: partnership arrangements and field representatives. Under the partnerships, ADF awards cooperative agreements to local development organizations to provide technical assistance to grassroots organizations. ADF plans to add field representatives to assume the monitoring and reporting functions previously performed by CLOs. These representatives will monitor the submission of the grantees' progress and financial reports (including the reports of the technical assistance providers) and screen new grant applications on behalf of ADF.

As of September 30, 2002, ADF was still in the process of hiring field representatives. In the interim, ADF's Washington staff is responsible for monitoring grantee performance. This has proven difficult given (1) ADF's limited staff and (2) the difficulties of providing substantive monitoring of projects that may be located in remote and/or politically unstable areas.

Implementing an Integrated Financial Management System

ADF prepares a complete set of financial statements, and a private accounting firm, with OIG oversight, audits those statements. Even though ADF received an unqualified opinion on its financial statements for fiscal year 2001, the OIG identified a number of significant challenges. For example, ADF performed significant accounting functions in systems that are not connected to ADF's general ledger. Information from this separate accounting system is used to compile elements of ADF's financial statements. Because of this, significant elements of the financial statements are developed from sources other than the general ledger. Some of these elements include grant advances, accounts payable, undelivered orders, unexpended appropriations, and expenses. ADF has also not effectively implemented the U.S. Standard General Ledger at the transaction level. Although ADF management has developed an action plan to correct all of these material weaknesses, the plan has not yet been implemented.

OIG Oversight Activities

In November 2001, the OIG initiated its first performance audit of ADF field operations. This audit will build on the February 2001 audit report. The audit will determine whether ADF:

- awards grants in accordance with applicable internal policies and procedures;
- monitors grantee activities to ensure that intended results are achieved; and
- maintains an audit program to ensure that funds provided to grantees were used for intended purposes.

Financial Management

The OIG is currently providing oversight for the audit of ADF's fiscal year 2002 financial statements. A private accounting firm has begun the annual audit, and the OIG will issue the audit report.

⁴ "Audit of Selected Processes at the African Development Foundation," February 26, 2001 (Audit Report No. 9-ADF-01-002-P)

Inter-American Foundation

In November 1999, the President signed Public Law 106-113, which amended the Inspector General Act of 1978 by assigning audit and investigative responsibilities to the USAID/OIG for the Inter-American Foundation (IAF). IAF is a U.S. government corporation.

IAF was established in 1969 and provides grants directly to local organizations in Latin America and the Caribbean. Based in Arlington, Virginia, IAF has 45 employees and is governed by a nine-member Board of Directors appointed by the President of the United States. IAF's operating budget and program budget consist of congressional appropriations and funds derived through the Social Progress Trust Fund. As of August 2002, IAF supported 205 projects in 17 countries. With a budget of about \$13 million in fiscal year 2002, it provides development grants directly to local organizations in Latin America and the Caribbean.

OIG Strategy

The OIG is implementing a comprehensive strategy to maintain effective oversight of IAF operations that includes financial and performance audits. The first key aspect of the strategy lies in the OIG's annual audit of IAF's organization-wide financial statements. The OIG contracts with non-Federal auditors directly, coordinates the work to achieve the most timely and cost-effective audit, and provides technical audit advice and liaison to IAF and its auditors on a continual basis. Also, the OIG advises the auditor and, where appropriate, IAF of any deficiencies found in the audits when the deficiencies require corrective action by the auditor, and presents audit recommendations to IAF through its annual financial statement audit report.

Performance audits also play a key role in maintaining IAF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected IAF operations. These assessments were used to determine where selected operations could be vulnerable and to assist the OIG in developing future plans. Further, the OIG has disseminated information to IAF and conducted employee briefings on the OIG "Hotline." IAF employees and others can contact the Hotline or the OIG directly to report their concerns about IAF operations. Finally, the OIG will, at all times, remain responsive to any congressional concerns regarding IAF.

Management Challenges

In pursuit of its mission, IAF faces a number of problems, concerns, and difficult issues. As discussed in the previous semiannual report, IAF has or continues to address management challenges that have been identified by the General Accounting Office and the OIG. Examples of these management challenges included performance monitoring, organizational structure changes, and documenting results. As discussed below, IAF has identified management initiatives to address these challenges.

IAF has brought to fruition several major management initiatives, including (1) outsourcing of procurement, human resources, accounting, payroll, and Equal Employment Opportunity services; (2) significant changes in organizational structure; and (3) formulation of new programmatic vehicles. The OIG has been instrumental in helping IAF monitor the outsourced services systematically and effectively. The new organizational structure reduces the number

Inter-American Foundation

of management layers and provides for an interlocking and flexible set of peer-led teams. In the program area, IAF is undertaking new work with corporate foundations and social investors, work which will entail new management and monitoring techniques.

Now that IAF has consolidated tangible grant performance results reporting, management is focusing greater attention on performance indicators of democracy-building and other societal changes. IAF is engaged in dialogue with leading experts regarding the effective articulation of such gains. It remains to be seen whether the existing results system can encompass the new techniques, however. Dialogue with the OIG as the IAF weighs alternatives will no doubt lend valuable insight into possible options.

OIG Oversight Activities

In February 2001, the OIG reported on the mechanisms that IAF used for obtaining overseas services and representation, and other financial operating practices⁵. In March 2002, the OIG initiated its first performance audit of IAF grants management. The audit will determine whether IAF:

- awarded grants in accordance with Foundation policies and procedures;
- implemented a system to monitor grantee projects and obtain project results;
and
- implemented a system to audit funds provided to grantees.

Financial Management

The OIG is currently providing oversight for the audit of IAF's fiscal year 2002 financial statements. A private accounting firm will begin the annual audit, and the OIG will issue the audit report.

⁵ "Audit of Selected Processes at the Inter-American Foundation," February 26, 2001 (Audit Report No. 9-IAF-01-001-P)

Other Reporting Requirements

The Inspector General Act of 1978 (Public Law 95-452), as amended, requires that each Inspector General's Semiannual Report to the U.S. Congress include a description and explanation of significant revisions of management decisions as well as information concerning any significant management decision with which the OIG is in disagreement. During this reporting period, there were no significant revisions or management decisions with which the OIG disagreed.

The Inspector General Act requires the identification of any reports made to the head of the agency describing instances where information or assistance was unreasonably refused or not provided. During this reporting period, there were no reports to the Administrator of USAID describing instances where information or assistance was unreasonably refused or not provided.

In addition, the Inspector General Act requests an update on issues outstanding under a remediation plan required by the Federal Financial Management Improvement Act. As discussed in the "Major Management Challenges" section of this report, OIG audit work showed that USAID's financial management systems did not comply with the FFMIA requirements. To correct this weakness, USAID plans to implement an integrated financial management system using a combination of commercial off-the-shelf software products and third party financial service providers. In a February 2002 audit report, the OIG found that USAID has made progress in becoming substantially compliant with FFMIA. However, the Agency needs to deploy its commercial off-the-shelf system to field activities. In addition, the report found that USAID needs to revise its FFMIA remediation plan to identify sufficient resources and remedies to make the Agency's systems substantially in compliance with the FFMIA. In fiscal year 2002, USAID management began a study to accelerate overseas deployment of its core accounting system and made revisions to its remediation plan (dated February 2002) based on those results. According to USAID's revised plan, USAID will begin to pilot the system overseas in fiscal year 2003 and become substantially compliant with FFMIA by the end of fiscal year 2004-if funding is available. The OIG is currently reviewing that revised plan as part of an audit to assess USAID's progress in becoming substantially compliant with FFMIA. We will report the results of that audit in the next reporting period.

The 1988 amendments to the Inspector General Act also require the reporting of statistical information, which is presented in the following tables:

Table A	Reports Issued April 1, 2002 through September 30, 2002
Table B	Audit Reports over Six Months Old with No Management Decision as of September 30, 2002
Table C	Significant Audit Recommendations Described in Previous Semiannual Reports without Final Action as of September 30, 2002
Table D	Reports Issued with Questioned and Unsupported Costs (April 1, 2002 through September 30, 2002)
Table E	Reports Issued with Recommendations That Funds Be Put to Better Use (April 1, 2002 through September 30, 2002)
Table F	Report of Investigative Actions and Recoveries as of September 30, 2002

Table A

REPORTS ISSUED

April 1, 2002 through September 30, 2002

Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		--USAID Programs and Operations--		
1-511-02-002-F	05/03/02	Audit of Certain USAID/Bolivia Fiscal Year 2001 Financial Operations		
7-608-02-001-F	09/05/02	Audit of USAID/Morocco's Accountability for Local Costs of U.S.-Based Grantees and Contractors in Africa	10	QC
		--Foreign-Based Organizations--		
0-000-02-058-D	09/03/02	Jaurez and Associates, Inc. Supplement to Report on Audit of Indefinite Delivery, Indefinite Quantity, Firm Fixed Price Proposal to Provide Administrative and Management Support Services on Behalf of Women in Development for the U.S. Agency for International Development		
0-000-02-063-D	09/12/02	Universidad Peruana Cayetano Heredia, Report on Pre-Award Accounting System Survey		
1-524-02-030-D	06/28/02	Fondo de Inversion Social de Emergencia, Closeout Concurrent Financial Statement Audit of the Fund Accountability Statement, for the Quarter Ended December 31, 2001	129	QC
1-522-02-042-N	04/05/02	Concurrent Financial Statement Audit of Funds Provided by USAID/Honduras, for the Project FHIS/DIM-Urban Water, Under the Hurricane Reconstruction Program No. 522-0410.03 and No. 522-0410.05, Managed by the Honduran Social Investment Fund/Main Infrastructure Direction (FHIS/DIM), for the Period January 1 to March 31, 2001		
1-521-02-043-N	04/09/02	Pan American Development Foundation, Closeout Concurrent Financial Statement Audit of the Hurricane Georges Recovery Program, USAID/Haiti Project No. 521-A-00-99-00072-00, for the Period from October 1 to November 30, 2001	5 5	QC UN

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-044-N	04/12/02	Concurrent Financial Statement Audit of the USAID Resources Managed by Fondo Nacional de Produccion y Vivienda, Under Special Objective Grant Agreement No. 522-0410.01 "Agriculture Reactivation Credit Activity, Component of the Hurricane Reconstruction Program," for the Period January 1 to March 31, 2001	862	QC
1-522-02-045-N	04/16/02	Concurrent Financial Statement Audit of the USAID Resources Managed by the Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance, Under Grant Agreement No. 522-A-00-00-0205-00, "Reactivation of the Economy Through Agricultural Credit and Technologies Activity," Component of the Hurricane Reconstruction Program, for the Period July 1 to September 30, 2001	435	QC
1-522-02-046-N	04/22/02	Concurrent Financial Statement Audit of Funds Provided by USAID/Honduras, for the Project FHIS/DIM-Urban Water, Under the Hurricane Reconstruction Program No. 522-0410.03 and No. 522-0410.05, Financed with USAID Funds and Administered by the Honduran Social Investment Fund (FHIS), for the Period April 1 to June 30, 2001		
1-522-02-047-N	04/23/02	Concurrent Financial Statement Audit of the USAID Resources Managed by the National Autonomous Aqueduct and Sewage Service (SAANA), Under Special Objective Grant Agreement No. 522-0410.03, "Hurricane Reconstruction Program," for the Period January 1 to March 31, 2001		
1-522-02-048-N	04/29/02	Concurrent Financial Statement Audit of FHIS-Damaged School Installations Replacement Project Under the Hurricane Reconstruction Program, USAID/Honduras Project No. 522-0410.06, Managed by the Honduran Social Investment Fund, for the Period April 1 to June 30, 2001		
1-514-02-049-N	04/30/02	Concurrent Financial Statement Audit of the USAID/Colombia Resources Under the Earthquake Reconstruction Program Project No. 514-9005, Managed by Planning and Development Collaborative International, for the Quarter Ended December 31, 2001	3	QC
1-517-02-050-N	05/14/02	The Cooperative Housing Foundation, Closeout Concurrent Financial Statement Audit of the Post-Hurricane Georges Housing Reconstruction Program in the Dominican Republic, USAID Cooperative Agreement No. 517-A-00-00-000102-00, for the Quarter Ended December 31, 2001		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-524-02-051-N	05/14/02	Closeout Concurrent Financial Statement Audit of the USAID Resources Managed by CARE International in Nicaragua, Under Award No. 524-A-00-00-00001-00 "Rural Rehabilitation Infrastructure/Cash-for-Work," for the Period July 1 to November 30, 2001		
1-522-02-052-N	05/20/02	Closeout Financial Statement Audit of the USAID Resources Managed by the Fundacion Hondurena de Investigacion Agricola, Under Cooperative Agreement No. 522-A-00-00-00201-00, "REACT Activity Component of the Hurricane Reconstruction Program," for the Period January 1 to December 31, 2001		
1-522-02-053-N	05/29/02	Concurrent Financial Statement Audit of FHIS-Damaged School Installations Replacement Project Under the Hurricane Reconstruction Program USAID/Honduras Project No. 522-0410.06, Managed by the Honduran Social Investment Fund, for the Period July 1 to September 30, 2001		
1-522-02-054-N	06/06/02	Concurrent Financial Statement Audit of the USAID Resources Managed by Fondo Nacional de Produccion y Vivienda, Under Special Objective Grant Agreement No. 522-0410.01 "Agriculture Reactivation Credit Activity, Component of the Hurricane Reconstruction Program," for the Period April 1 to June 30, 2001	424	QC
1-517-02-055-N	06/06/02	Audit of USAID/Dominican Republic Resources, Managed by John Snow, Inc., Under the Post-Hurricane Georges Reconstruction Project, Contract No. OUT-HRN-I-807-98-00032, for the Period from April 17, 2000 to December 31, 2001		
1-522-02-056-N	06/11/02	Concurrent Financial Statement Audit of the Hurricane Reconstruction Program, SANAA-Urban Water and SANAA-Rural Water Components, USAID/Honduras Project No. 522-0410.03, Managed by the National Autonomous Aqueduct and Sewage Service, for the Period April 1 to June 30, 2001		
1-517-02-057-N	06/11/02	Closeout Audit of USAID/Dominican Republic Resources, Managed by ENTRENA, S.A., Under the Post-Hurricane Georges Reconstruction Project No. 517-0278/0280 and Private Voluntary Organization Co-Financing Project No. 517-0247, Contract No. 517-C-00-96-00148, for the Year Ended December 31, 2001		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-058-N	06/14/02	Closeout Financial Statement Audit of the USAID Resources Managed by the Land O'Lakes, Under Cooperative Agreement No. 522-A-00-00-0240-00, "Reactivation of the Economy through Agricultural Credit and Technologies Activity," REACT Component of the Hurricane Reconstruction Program, for the Period January 1 to December 31, 2001		
1-522-02-059-N	06/26/02	Concurrent Financial Statement Audit of the USAID Resources Managed by the Cooperative Federation of Credit Unions of Honduras, LTD. (FACACH), Under Cooperative Agreement No. 522-A-00-00-00247-00, "Reactivation of the Economy through Agricultural Credit of the Hurricane Reconstruction Program," for the Period April 1 through June 30, 2001	624	QC
1-522-02-060-N	06/26/02	Concurrent Financial Statement Audit of the USAID Resources Managed by Jose Maria Covelo Foundation of Honduras, Under Cooperative Agreement No. 522-A-00-00-00206-00, "Component for the Reactivation of the Economy Through Agricultural Credit and Technologies Activity (REACT Activity)," Under the Hurricane Reconstruction Program, for the Period April 1 to June 30, 2001	277	QC
1-522-02-061-N	06/26/02	Concurrent Financial Statement Audit of the USAID Resources Managed by Metrovision Under Cooperative Agreement No. 522-G-00-01-00202-00, "Louisiana/Honduras Alliance Activity" Component of the Hurricane Reconstruction Program Concurrent Financial Statement Audit of the USAID Resources, for the Period September 25, 2000 to December 31, 2001		
1-522-02-062-N	06/27/02	Concurrent Financial Statement Audit of the Hurricane Reconstruction Program, SANAA-Urban Water and SANAA-Rural Water Components, USAID/Honduras Project No. 522-0410.03, Managed by the National Autonomous Aqueduct and Sewage Service, for the Period July 1 to September 30, 2001		
1-522-02-063-N	06/28/02	Closeout Concurrent Financial Statement Audit of the USAID Funds Managed by the Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance, Under Grant Agreement No. 522-A-00-00-00205-00, "Reactivation of the Economy Through Agricultural Credit and Technologies Activity, Component of the Hurricane Reconstruction Program" for the Period October 1 to December 31, 2001	584	QC

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-520-02-064-N	06/27/02	Audit of Comunidades Mayas Alfabetizadas - COMAL, Donation Agreement Subscribed Between USAID and Save the Children, Executed by Fundacion para el Desarrollo Sostenible en Guatemala - FUNDES, Cooperative Agreement No. 520-A-00-99-00004-00, Subagreements No. COM-AGR-001, COM-AGR-015 and COM-AGR-027, for the Period from September 9, 1999 to September 30, 2001		
1-519-02-065-N	06/27/02	Audit of USAID/EI Salvador Resources, Managed by the National Popular Housing Fund, Under the Special Objective Grant Agreement No. 519-0458 "Earthquake Recovery Program," Housing Activity, for the Quarter Ended March 31, 2002		
1-522-02-066-N	06/26/02	Closeout Concurrent Financial Statement Audit of FHIS-Damaged School Installations Replacement Project Under Hurricane Reconstruction Program, USAID/Honduras Project No. 522-0410.06, Managed by the Honduran Social Investment Fund (FHIS) for the Period of October 1 to December 31, 2001		
1-524-02-067-N	06/27/02	Closeout Financial Audit of the USAID Resources, Managed by Fondo de Inversion Social de Emergencia, Under Grant Agreement No. 524-0341, Municipal Development and Decentralization Project, for the Period from October 1, 1999 through March 31, 2002	3	QC
1-522-02-068-N	06/27/02	Final Financial Statement Audit of the USAID Resources Managed by FINTRAC Under Cooperative Agreement No. 522-A-00-00-0236-00, REACT Activity Component of the Hurricane Reconstruction Program, for the Period January 1 to December 31, 2001		
1-522-02-069-N	06/27/02	Concurrent Financial Statement Audit of the USAID Resources Managed by Jose Maria Covelo Foundation of Honduras Under Cooperative Agreement No. 522-A-00-00-00206-00, "Component for the Reactivation of the Economy Through Agricultural Credit and Technologies Activity (REACT Activity)," Under the Hurricane Reconstruction Program, for the Period July 1 to September 30, 2001	36	QC
1-524-02-070-N	06/27/02	Concurrent Financial Statement Audit of the Agricultural Reconstruction Program in the Republic of Nicaragua, USAID Cooperative Agreement No. 524-A-00-00-00004-00, Managed by the World Relief Corporation, for the Period July 1, 2001 to October 31, 2001		

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Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-071-N	06/28/02	Closeout Financial Statement Audit of USAID Resources Managed by Development Alternative Inc., Under Contract No. LAG-I-801-99-00017-00, Upper Watershed Rehabilitation Activity, Component of the Hurricane Reconstruction Program in Honduras, for the Period January 1 to December 31, 2001		
1-522-02-072-N	06/28/02	Concurrent Financial Statement Audit of the Emergency and Reconstruction of Roads and Bridges Program, Under the Hurricane Reconstruction Program No. 522-0410.00, Administered by the Honduran Social Investment Fund, for the Period of July 1 to September 30, 2001	173	QC
1-522-02-073-N	06/28/02	Concurrent Financial Statement Audit of Funds Provided by the United States Agency for International Development, Mission in Honduras (USAID/Honduras), for the Project FHIS/DIM-Urban Water, Under the Hurricane Reconstruction Program No. 522-0410.03 and No. 522-0410.05, Financed with USAID Funds and Administered by the Honduran Social Investment Fund, for the Period July 1 to September 30, 2001		
1-522-02-074-N	06/28/02	Closeout Concurrent Financial Statement Audit of the USAID Resources Managed by the Cooperative Federation of Credit Unions of Honduras, LTD. (FACACH), Under Cooperative Agreement No. 522-A-00-00-00247-00, "Reactivation of the Economy Through Agricultural Credit and Technologies Activity (REACT) Component of the Hurricane Reconstruction Program," for the Period October 1 to December 31, 2001		
1-522-02-075-N	06/28/02	Closeout Concurrent Financial Statement Audit of USAID Resources Managed by the Jose Maria Covelo Foundation of Honduras (COVELO Foundation), Under Cooperative Agreement No. 522-A-00-00-00206-00, "Component for the Reactivation of the Economy Through Agricultural Credit and Technologies Activity (REACT Activity)," Under the Hurricane Reconstruction Program, for the Period October 1 to December 31, 2001	195	QC
1-522-02-076-N	06/27/02	Concurrent Financial Statement Audit of the USAID Resources Managed by the Cooperative Federation of Credit Unions of Honduras, LTD., Under Cooperative Agreement No. 522-A-00-00-00247-00, "Reactivation of the Economy Through Agricultural Credit and Technologies Activity Component of the Hurricane Reconstruction Program," for the Period July 1 to September 30, 2001		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-077-N	06/28/02	Closeout Financial Statement Audit of the USAID/Honduras Funds Managed by Chemonics International, Under Contract No. 522-C-00-00-00203-00, "Productivity and Policy Enhancement Program and REACT Activity Component of the Hurricane Reconstruction Program," for the Period January 1 to December 31, 2001		
1-519-02-078-N	07/16/02	Audit of USAID/EI Salvador Resources, Managed by the AmeriCares Foundation, Inc. (AmeriCares), Under Agreement No. 519-A-00-01-00213-00 "Mother and Child Community Health Services Project," for the Period September 27, 2001 to March 31, 2002		
1-519-02-079-N	07/23/02	Concurrent Financial Statement Audit of the USAID Resources, Managed by the Social Investment Fund for Local Development Under Special Objective Grant Agreement, Activity No. 519-0458, Earthquake Recovery Program, Schools, Micro and Small Business (Local Municipal Markets) and Health Facilities Reconstruction Activities, for the Period from May 18, 2001 through March 31, 2002		
1-522-02-080-N	08/19/02	Closeout Financial Statement Audit of the USAID Resources, Managed by the Escuela Agricola Panamericana-Zamorano, Under Grant Agreement No. 522-A-00-00-00202-00, REACT Activity Component of the Hurricane Reconstruction Program, for the Period from January 1 through December 31, 2001		
1-522-02-081-N	08/21/02	Concurrent Financial Statement Audit of the USAID Resources, Managed by Fondo Nacional de Produccion y Vivienda, Under Special Objective Grant Agreement No. 522-0410, Agriculture Reactivation Credit Activity, Component of the Hurricane Reconstruction Program, for the Period of July 1 to September 30, 2001		
1-522-02-082-N	08/21/02	Closeout Concurrent Financial Statement Audit of the USAID Resources, Managed by Fondo Nacional de Produccion y Vivienda, Under Special Objective Grant Agreement No. 522-0410, Agriculture Reactivation Credit Activity, Component of the Hurricane Reconstruction Program, for the Period of October 1 to December 31, 2001		
1-522-02-083-N	08/21/02	Closeout Financial Statement Audit of USAID/Honduras Resources, Managed by American Institutes of Research Under Contract No. HNE-I-808-97-00029-00, "Improving Educational Quality II (IEQ II-Honduras)," for the Period January 1, 2001 to April 30, 2002		

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 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-084-N	09/06/02	Closeout Concurrent Financial Statement Audit of the Hurricane Reconstruction Program, SANAA-Urban Water and SANAA-Rural Water Components, USAID/Honduras Project No. 522-0410.03 Managed by the National Autonomous Aqueduct and Sewage Service, for the Period October 1 to December 31, 2001		
4-656-02-003-N	04/30/02	Concurrent Agency-Contracted Audit of USAID/Mozambique's Resources Managed by Parsons Global Services Limited for the Period October 1, 2000 to October 31, 2001		
4-656-02-004-N	04/30/02	Concurrent Agency-Contracted Audit of USAID/Mozambique's Resources Managed by Black & Veatch International Under IRIP Post Emergency Project 656-0251 for the Period October 31, 2000 to September 30, 2001	83 80	QC UN
4-656-02-005-N	05/16/02	Concurrent Agency-Contracted Audit of USAID/Mozambique's Resources Managed by Africon Under Project 656-0251 for the Period August 1, 2000 to September 30, 2001		
4-656-02-006-N	05/16/02	Concurrent Agency-Contracted Audit of USAID/Mozambique's Resources Managed by Deloitte & Touche Under Emergency Recovery: Enterprise Credit Contract 656-0-00-00066-00 for the Period November 1, 2000 to October 31, 2001		
4-656-02-007-N	06/28/02	Concurrent Agency-Contracted Audit of Payments for Road Rehabilitation Made Under USAID/Mozambique's Project Number 656-0251.00		
5-497-02-002-N	08/21/02	Audit of USAID/Indonesia's Rupiah Trust Fund for the Years Ended September 30, 1999, 2000 and 2001		
1-511-02-059-R	04/01/02	Ministry of Health and Social Welfare; Integrated Health Project; Health Sector USAID Grant Agreement No. 511-0644.02; Independent Auditor's Report on the Financial Statements as of December 31, 2000		
1-596-02-060-R	04/01/02	Audit of USAID/G-CAP Project No. 520-A-00-00-00004-00, Rural Economy Recovers from Hurricane Mitch and is Less Vulnerable to Disaster, Managed by Cooperative Housing Federation, for the Period Ended September 30, 2001		
1-518-02-061-R	04/01/02	Audit of the Project on Family Planning and Reproductive Health Services, Managed by Centro Medico de Orientacion y Planificacion Familiar, for the Year Ending December 31, 1999	6	QC

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

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Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-062-R	04/01/02	Financial Statement Audit of the Projects, "Hurricane Mitch Disaster Relief Reconstruction of Municipal Water System FHIS Project No. 968.9005-02, Municipal Development Project No. 522-0340 and Housing Guaranty Loan Project No. 596-HG-006," Financed with USAID/Honduras Funds and Administered by the Honduran Social Investment Fund/Employment Generation Unit, for the Period May 24, 1995 to December 31, 1999	897 769	QC UN
1-522-02-063-R	04/01/02	Audit of Funds Provided by the U.S. Agency for International Development Under the Strengthened Rule of Law and Respect for Human Rights, Project No. 522-0394, Managed by the Public Ministry, for the Period January 1, 1999 to December 31, 2000		
1-527-02-064-R	04/02/02	Financial Audit of the Fund Accountability Statements of the Reproductive Health Project in the Community (PROSALUD), USAID Grant Agreement No. 527-A-00-95-00372-04, and Promotion of the Political Participation of Women -- 2000 Elections -- (PROMUJER), USAID Grant Agreement No. 527-G-00-98-00257-00, and Audit of the General Purpose Financial Statements of Movimiento Manuela Ramos for the Year Ended December 31, 2000	4	QC
1-511-02-065-R	04/02/02	Closeout Financial Audit of the Center for the Promotion of Economic Initiatives; USAID Cooperative Agreement No. 511-A-00-99-00163-00; September 22, 1999 to September 30, 2000		
1-511-02-066-R	04/02/02	Audit of the Project for the Sexual and Reproductive Health for Women, Men and Teenagers, USAID Donation Agreement No. CA 511-A-00-98-00158-00, Managed by Centro de Investigacion, Educacion, y Servicios (CIES), for the Year Ending December 31, 2000	10	QC
1-520-02-067-R	04/02/02	Closeout Financial Audit of the Program of Recovery of the Rural Economy on the Effects of Hurricane Mitch and Decrease in the Vulnerability of Disasters, Cooperative Agreement USAID/ANACAFE No. 520-A-00-00-00002-00, Implemented by National Coffee Association -- ANACAFE, for the Year Ended September 30, 2001		

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Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-511-02-068-R	04/10/02	Audit of the Fund Accountability Statement of the Component of the Cochabamba Regional Development Project and of the Counter-Narcotics Special Sector Grant Agreement, USAID Grant Agreements No. 511-0617 and No. 511-0643, Implemented and Managed by the Bolivian Institute of Agricultural Technology for the Year Ended December 31, 1999		
1-524-02-069-R	04/05/02	Annual Audit of USAID/Nicaragua Resources Managed by Fundacion Internacional para la Asistencia Comunitaria (FINCA), for the Execution of the Project Rapid Reconstruction and Sustainable Recovery in Hurricane Mitch-Affected Areas, Under Cooperative Agreement No. 524-A-00-99-00044-00, for the Period August 12, 1999 to August 31, 2000	5	QC
1-524-02-070-R	04/05/02	Closeout Audit of USAID's Resources Managed by Fundacion Internacional para la Asistencia Comunitaria de Nicaragua, for the Execution of the Project Rapid Reconstruction and Sustainable Recovery for Hurricane Mitch-Affected Areas, Under Cooperative Agreement No. 524-A-00-99-00044-00, for the Period September 1, 2000 to August 31, 2001		
1-517-02-071-R	04/08/02	Closeout Audit of the Rehabilitation of Rural Electric Infrastructure, Project Number 517-A-00-00-00103-00, Managed by NRECA International LTD, Fund Accountability Statement for the Period from October 31, 1999 to December 31, 2001		
1-520-02-072-R	04/08/02	Closeout Audit of the Rebuilding Rural Electric Infrastructure in Central America, Project Number 596-A-00-00-00070-00, Managed by NRECA International LTD, Fund Accountability Statement for the Period from July 25, 2000 to December 31, 2001		
1-524-02-073-R	04/09/02	Closeout Financial Audit of the Project "Agricultural Rehabilitation and Food Security of Posoltega," with Funds from USAID Managed by CARE International in Nicaragua, Under Agreement No. 524-A-00-99-00049-00, for the Period from June 1, 2000 to December 31, 2001		
1-511-02-074-R	04/09/02	Audit of the Association for Health Protection "PROSALUD," Extension of Service Coverage and Reproductive Health Products Project, Donation Agreement 511-G-00-95-00089-00, Independent Auditor's Report for the Year Ended December 31, 2000	6 2	QC UN

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

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Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-511-02-075-R	04/10/02	Audit of the Cochabamba Regional Development Project and of the Counter-Narcotics Special Sector Grant Agreement, USAID Grant Agreements No. 511-0617 and No. 511-0643, Managed by the Regional Alternative Development Program, for the Year Ended December 31, 1999		
1-511-02-076-R	04/10/02	Audit of the Counter-Narcotics Special Sector Grant Agreement No. 511-0643, Managed by the Regional Alternative Development Program, for the Year Ended December 31, 2000		
1-596-02-077-R	04/18/02	Closeout Financial Audit of the Cooperative Agreement and the Implementation of Post-Mitch Agriculture and Natural Resources Rehabilitation and Reconstruction Project No. 520-A-00-99-00073-00 by CARE Guatemala, for the Period July 1, 2000 through November 30, 2001		
1-522-02-078-R	04/10/02	Audit for the Project USAID/Small Business II No. 522-0241.01 and USAID Program/Recovery of Small and Microbusiness No. 522-A-00-99-00047-00, Managed by the Foundation for the Promotion of Small and Microbusiness, Jose Maria Covelo, for the Year Ended December 31, 2000		
1-596-02-079-R	04/10/02	Closeout Financial Audit of the Improved Regional Capacity to Mitigate Transnational Effects of Disaster Project Managed by SICA/CCAD Guatemala, USAID Grant Agreement No. 596-0181.10, for the Period January 1 through December 31, 2001		
1-511-02-080-R	04/10/02	Audit of the Cochabamba Regional Development Project and of the Counter-Narcotics Special Sector Grant Agreement, USAID Grant Agreements No. 511-0617 and 511-0643, Managed by the Rural Roads Project, for the Year Ended December 31, 1999		
1-511-02-081-R	04/10/02	Audit of the Counter-Narcotics Special Sector Grant Agreement, USAID Grant Agreement No. 511-0643, Managed by the Rural Roads Project, for the Year Ended December 31, 2000		
1-524-02-082-R	04/10/02	Closing Financial and Compliance Audit of USAID Resources for the Execution of the Project Rapid Reconstruction and Recovery of Sustainability in Hurricane Mitch-Affected Areas Under Cooperative Agreement No. 524-A-00-99-00050-00, Managed by Fundacion para el Apoyo a la Microempresa, for the Period September 1, 2000 through August 9, 2001	1 1	QC UN

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Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-083-R	04/17/02	Closeout Audit of USAID/Honduras Health Sector II Project No. 522-0216, Administered by the Secretary of Public Health, for the Period January 1, 1998 to June 30, 2001	6	QC
1-520-02-084-R	04/16/02	Closeout Financial Audit of USAID/Guatemala, Component 520-0433: Farm Productivity Recovery and Credit to Micro-Enterprises Activity, Implemented by Banco de Desarrollo Rural, S.A. -- BANRURAL Through the Rural Credit Trust Fund, for the Nine Months Ended September 30, 2001		
1-522-02-085-R	04/16/02	Audit of USAID Resources Under the Public Health Protection Component of the Hurricane Mitch Reconstruction Program No. 522-0410.03, Managed by the Secretary of Health, for the Period from December 2, 1999 to December 31, 2000	42 42	QC UN
1-520-02-086-R	04/16/02	Audit of the Industrias para la Paz, USAID Cooperative Agreement No. 520-A-00-99-00069-00, Managed by Asociacion Gremial de Exportadores de Productos No Tradicionales de Guatemala, for the Period from August 6, 1999 to June 30, 2001		
1-511-02-087-R	04/18/02	Audit of the Fund Accountability Statement of the Counter-Narcotics Special Sector Grant Agreement, USAID Grant Agreement No. 511-0643, Implemented and Managed by the Bolivian Institute of Agricultural Technology for the Year Ended December 31, 2000		
1-517-02-088-R	04/18/02	Financial Closeout Audit on Grant Agreement No. 517-G-00-00-00129-00, Managed by Instituto Superior de Agricultura, for the Period from May 3, 2000 to December 31, 2001		
1-520-02-089-R	04/19/02	Audit of the Reducing Violence Against Women Project No. 520-0424.20, Managed by the Coalition Presided Over by Asociacion Mujer Vamos Adelante, Along with Centro de Investigacion, Capacitacion y Apoyo a la Mujer and Consejo de Mujeres Mayas de Desarrollo Integral, for the Period July 1, 2000 through June 30, 2001		
1-517-02-090-R	04/23/02	Financial Close-Out Audit of the Grant Agreements "Integrated Health Care, Water and Sanitation," No. 517-G-00-00-00116-00; "Integrated Health Care, Water, Sanitation and Agriculture," No. 517-G-00-00-00123-00; and "El Aguacate Microhydroelectric Energy System," No. 517-G-00-01-00112-00, Managed by Fundacion para el Desarrollo Comunitario, Inc., for the Period July 1 - December 31, 2001		

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<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-091-R	04/23/02	Audit of the Funds Managed by the Honduran Foundation of Environment and Development (VIDA Foundation) Under USAID Project Number 522-0385, Environmental Protection Fund, for the Period from January 1 to December 31, 1999	98 98	QC UN
1-524-02-092-R	04/24/02	Financial and Closing Compliance Audit of the Program for Management of the Esteli River Watershed, Cooperative Agreement No. 524-A-00-00-00024-00, Managed by CARE International in Nicaragua, for the Period December 21, 2000 through December 20, 2001		
1-517-02-093-R	04/23/02	Audit of Grant Agreement No. 517-G-00-00-00127-00, Under the Hurricane Georges Reconstruction Project, Managed by Asociacion Aguas Vivas, Inc., for the Period from May 3, 2000 to June 30, 2001		
1-524-02-094-R	04/30/02	Audit of the Rapid Reconstruction and Sustainable Recovery Program and PL 480 Title II Food Commodity Program, Cooperative Agreement No. 524-A-00-00-00022-00, Managed by Project Concern International, for the Period December 21, 2000 through December 20, 2001		
1-523-02-095-R	05/02/02	Audit of the Fund Accountability Statement and Financial Statements of the Agreement Between Fondo Mexicano para la Conservacion de la Naturaleza, A.C. and the U.S. Agency for International Development, Cooperation Agreement No. 523-A-00-98-00039-00, for the Year Ending December 31, 2000		
1-517-02-096-R	05/02/02	Audit of the Democratic Initiatives Support Project, Project No. 517-A-00-92-0080-00, Originally No. 517-0265-A-2080-00, Managed by Pontificia Universidad Catolica Madre y Maestra, for the Period April 1, 2000 through March 31, 2001	3 3	QC UN
1-527-02-097-R	05/06/02	Audit of USAID Projects Financed with Funds from PL-480, Title II; Managed by Care Peru; for the Periods October 1, 1998 to September 30, 1999 and October 1, 1999 to September 30, 2000		
1-596-02-098-R	05/06/02	Close-Out Audit of the Development and Support to the Modernization of the State Project, USAID/G-CAP No. 520-9999-A-00-6064-00, Managed by Corporacion de Inversiones y Desarrollo de Centro America, S.A., for the Period July 1, 2000 through October 31, 2001		

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<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-517-02-099-R	05/07/02	Financial Close-Out Audit of Hurricane Georges Reconstruction No. 517-0280, Cooperative Agreement No. 517-A-00-97-00019-00, Managed by Centro de Apoyo a la Micro Pequena Empresa/Instituto Tecnológico de Santo Domingo, for the Period January 1, 2001 through December 31, 2001		
1-517-02-100-R	05/08/02	Financial Closeout Audit of USAID Project Health, Water and Sanitation, and Agriculture, Managed by World Vision/Dominican Republic, Cooperative Agreement No. 517-G-00-00128-00, for the Period May 31, 2000 to December 31, 2001		
1-517-02-101-R	05/08/02	Audit of the Primary Health Care, Water and Sanitation Project, and Rehabilitation of Production and Water and Sanitation Systems Project, USAID Donation Agreements No. 517-G-00-99-00226-00 and No. 517-G-00-00-00126-00, Managed by Fundacion de Apoyo al Suroeste, for the Period January 1 to December 31, 2001 (Closeout Audit)	2	QC
1-517-02-102-R	05/09/02	Audit of the Community Health and Sanitation Project (Dominican Republic), USAID Grant Agreement No. 517-G-00-00-00135-00, Managed by American Red Cross, for the Period June 21, 2000 through December 31, 2001		
1-511-02-103-R	05/16/02	Consolidated Fund Accountability Statement, Integral Health Project, Ministry of Public Health and Social Prevision Donation Agreement USAID No. 511-0644.02, for the Year Ended December 31, 2000	36 21	QC UN
1-596-02-104-R	05/16/02	Audit of the Mayan Biosphere Project No. 520-0426 (CATIE/CONAP Project, Phase III) , Managed by Tropical Agriculture Research and Training Center, for the Period February 1, 1999 through December 31, 1999		
1-596-02-105-R	05/29/02	Audit of the Mayan Biosphere Project No. 520-0395 (CATIE/CONAP Project), Managed by Tropical Agriculture Research and Training Center, for the Period September 1, 1998 through December 31, 1999	7 7	QC UN
1-595-02-106-R	06/06/02	Audit of USAID/G-CAP's Program Supporting Central American Participation in the Free Trade Area of the Americas, Under Agreement No. 520-C-00-99-00071-00, Managed by Mr. Carlos Monge Rodriguez, for the Period from March 1, 2001 to February 28, 2002		
1-596-02-107-R	06/06/02	Audit of the Mayan Center Project No. 520-0426 (CATIE/CONAP Project), Managed by Tropical Agriculture Research and Training Center (CATIE), for the Period April 1, 1998 through December 31, 1999		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-108-R	06/11/02	Audit of the USAID Resources Managed by the Program para el Desarrollo de la Infancia y la Mujer, Reproductive Health Cooperative Agreement No. 522-A-0097-00152-00, for the Period from July 21, 1997 through December 31, 2000		
1-527-02-109-R	06/11/02	Audit of USAID/Peru Grant Agreement #527-G-00-99-00262-00, Managed by the Asociacion Civil Transparencia (the Association), for the Period July 1, 1999 through December 31, 2000		
1-527-02-110-R	06/11/02	Audit of the Poverty Reduction and Alleviation Project, Cooperative Agreement No. 527-A-00-98-0045-00, Managed by Confederacion Nacional de Instituciones Empresariales Privadas - CONFIEP, for the Period January 1, 2000 through March 31, 2001		
1-524-02-111-R	06/12/02	Audit of the Project Reconstruction of Basic Water Supply Systems and Sanitation Process at Dispersed Rural Communities Affected by Hurricane Mitch, Under Grant Agreement No. 1, Provided by Environmental Health Project and Managed by Accion Contra el Hambre, for the Period April 1, 2000 through March 31, 2001		
1-517-02-112-R	06/17/02	Financial Statement Closeout Audit for the Sustainable Management of the Haina/Duey Watershed, Project No. 517-G-00-00-00134-00, Managed by Banco Asociacion de Desarrollo a la Microempresa, for the Period May 30, 2000 to July 30, 2001	1	QC
1-517-02-113-R	06/24/02	Financial Close-out Audits of the Hurricane Georges Reconstruction Project Basic Health, Water and Sanitation Reconstruction Activity, Grant Agreement No. 517-G-00-00-00117-00, for the Period March 29, 2000 to December 31, 2001; and Transfer of Water and Sanitation Systems to the Beneficiary Communities Represented by Rural Water Associations Project, Grant No. 517-G-00-00-00101-00, for the Period December 7, 2000 to December 31, 2001		
1-524-02-114-R	06/25/02	Closing Financial and Compliance Audit of Resources Provided by Environmental Health Project, Managed by Save the Children, Under Grant Agreement No. 4, for the Periods April 1, 2000 to March 31, 2001 and April 1, 2001 to November 30, 2001		
1-527-02-115-R	06/25/02	Financial Statement Audit for the Rural Roads Rehabilitation and Maintenance Project, Implementation Framework Subagreement for the Alternative Development Program, Managed by CONTRADROGAS, for the Year Ended December 31, 2001		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-116-R	06/25/02	Financial Statement Audit of USAID/Honduras Resources, Managed by the National Autonomous Water and Sewage Service, Under Health Sector II Project No. 522-0216, for the Period of January 1, 1998 to June 30, 2001	293 293	QC UN
1-517-02-117-R	06/25/02	Closeout Financial Audit of the Rehabilitation of Coffee Plantations and Reconstruction of Sanitary Facilities Destroyed by Hurricane Georges in Communities Located in the Higher Areas of the Central Mountain Range Project, Under Grant Agreement No. 517-G-00-00-00125-00, Managed by Asociacion Para El Desarrollo, INC., for the Period April 24, 2000 to December 31, 2001		
1-524-02-118-R	06/26/02	Closeout Audit of USAID's Agricultural Restoration and Economic Reactivation Post Mitch Project No. 524-A-00-00-00006-00, Managed by the National Cooperative Business Association, for the Period July 1, 2001 to December 31, 2001		
1-520-02-119-R	06/27/02	Financial Audit of the USAID/G-CAP Communities in Transition Project No. 520-0143-A-00-5130-00, Managed by Centro Canadiense de Estudios y Cooperacion Internacional, for the Year Ended March 31, 2001		
1-524-02-120-R	06/28/02	Financial Audit of the USAID Resources Managed by Save the Children Nicaragua, Under Award No. 524-A-00-00-00021-00 "Basic Infrastructure, Economic Reactivation and Disaster Mitigation & Preparedness in Hurricane Mitch Affected Areas in Leon and Chinandega and PL-480 Title II Program" for the Period January 1, 2001 to December 31, 2001		
1-520-02-121-R	06/28/02	Audit of Post-Mitch Rehabilitation and Reconstruction Project, Cooperative Agreement No. 520-A-00-99-00087-00 Administered by Catholic Relief Services, for the Period October 4, 1999 to December 31, 2001		
1-521-02-122-R	07/01/02	Audit of the Fund Accountability Statement of the Forum 2000 Project, Managed by Centre Pour La Libre Entreprise et La Democratie, Under Cooperative Agreement No. 521-A-00-99-00074-00, for the Period October 1, 2000 to September 30, 2001	1 1	QC UN
1-518-02-123-R	07/02/02	Audit of Programa de Sostenibilidad Financiera y Alianzas Estrategicas, Agreement No. 518-A00-98-00-00187-00, Administered by Fundacion Grupo Esquel - Ecuador, for the Year Ended December 31, 2001		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-124-R	07/05/02	Closeout Financial Statement Audit of Private Sector Population III Project, USAID/Honduras Project No. 522-0389, Managed by the Asociacion Hondurena de Planificacion de Familia, for the Period January 1, 2000 to March 31, 2001		
1-522-02-125-R	07/05/02	Closeout Financial Statement Audit of USAID Resources, Managed by Centro Asesor Para el Desarrollo de los Recursos Humanos de Honduras, CA-522-A-00-96-00003-00, Under Project No. 522-0388 Basic Education and Skill Training Project No. 522-0388 Basic Education and Skill Training Project Agreement (BEST-Component II), for the Period January 1, 1999 to September 30, 2000	96 33	QC UN
1-527-02-126-R	07/08/02	Audit of Institute for High Quality Health Care - MAX SALUD, Cooperative Agreement No. 527-A-00-99-00307-00, for the Period January 1, 2001 through December 31, 2001		
1-527-02-127-R	07/08/02	Audit of the Fund Accountability Statements of (1) Project for Aid to Small Businesses and Small Producers - (MSP) and (2) Alternative Development Program - (PDA), Managed by Association of Exporters, USAID Cooperative Agreement No. 527-A-00-91-00275-00, for the Years 1998, 1999, and 2000	1,745 1,633	QC UN
1-524-02-128-R	07/09/02	Closeout Audit of the Instituto Interamericano de Cooperacion Para la Agricultura, OEA (IICA), Report of the "Project Strengthening of the Private Sector for Formulation of Agricultural Policies," for the Period August 15, 2000 to December 31, 2001		
1-596-02-129-R	07/12/02	Closeout Audit of the USAID Resources Managed by Central American Integration System, General Secretariat Under the Central American Regional Environmental Project No. 596-0180, from January 1 to September 30, 2001		
1-525-02-130-R	07/17/02	Audit of the Foundation for the Preservation of Natural Resources, Under the Authority of Donation Agreement for the Management of Natural Resources Project (MARENA/Project No. 525-0380) for the Year Ended June 30, 2001		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-521-02-131-R	07/22/02	Audit of the Fund Accountability Statements for Institute for Liberty and Democracy, Under USAID Grant Agreement Nos. 521-A-00-97-00042-00, "Formalization of Urban Real Property in Haiti;" LAG-A-00-98-00047-00, "Formalization of Property in Latin America;" and for ECES Subagreement No. 104-SA-01, "Formalization of Egypt's Informal Urban Sector, for the Year Ending December 31, 2001; and of ILD's General Purpose Financial Statements as of December 31, 2001		
1-524-02-132-R	07/22/02	Close-out Financial Statement Audit of USAID's Resources Managed by the Nicaraguan Development Center, Under Cooperative Agreement No. 524-A-00-00-00023-00, for the Period January 1 through August 28, 2001	45 25	QC UN
1-517-02-133-R	07/31/02	Closeout Financial Statement Audit of USAID/Dominican Republic Projects, "Access to Primary Health Care, Potable Water and Basic Sanitation Services, Program No. 517-G-00-00-00119-00," "Primary Health Care, Water and Basic Sanitation for Communities Affected by Hurricane Georges, Program No. 517-G-00-00-00124-00," "Recovery of Renewable Natural Resources Seriously Affected by Hurricane Georges, Program No. 517-G-00-00-00133-00," and Wood Salvaging Operation Following Hurricane Georges, Program No. 517-G-00-01-00019-00, Managed by Fondo Pro-Naturaleza, Inc., for the Period January 1, 2001 to December 31, 2001		
1-596-02-134-R	08/09/02	Financial Audit of the Agreements on Copyright Protection in Central America, Program for Trade Liberalization and General Framework of Investment Policies, and Program for the Modernization of the Labor Market and Enhanced Capability of the Region to Mitigate the Transnational Effects of Disasters, Implemented by the Secretariat for the Central American Economical Integration, for the Year Ended December 31, 2001		
1-519-02-135-R	08/14/02	Audit of the USAID Project Under Agreement No. 519-0401, Managed by Fundacion Empresarial Para el Desarrollo Educativo, for the Year Ended December 31, 2001		
1-517-02-136-R	08/14/02	Audit of the Participation of Organized Civil Society in the Democratization of Cultural and Political Practices in the Dominican Republic, Cooperative Agreement USAID Project No. 517-A-00-97-00107-00, Managed by Participacion Ciudadana, Financial Statements for the Period September 1, 2000 to August 31, 2001 and Independent Auditor's Report		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-517-02-137-R	08/16/02	Close-out Financial Audits of the Following USAID/Dominican Republic Projects: Program for the Protection of the Health of Children Affected by Hurricane Georges, No. 517-G-00-99-00227-00; Program for the Reconstruction Project for Primary Health Care, Water, and Sanitation, No. 517-G-00-00-00122-00; Program for the Organization and Community Participation in the Construction and Transfer of Rural Aqueducts in Three Communities of the Municipality of El Valle, No. 517-G-00-00-00136-00; Program for Reproductive Health Services to Rural Woman and Men of Reproductive Age as well as to Adolescents, No. 517-G-00-00-00138-00; Program for the Reproductive Health Services to Poor Rural Women and Men of Reproductive Age as well as to Complete Key Institutional Development Actions, No. 517-G-00-01-00104-00; Program for the Reproductive Health Services, No. 517-G-00-01-00117; Managed by Mujeres en Desarrollo Dominicana, Inc., for the Year Ended December 31, 2001		
1-596-02-138-R	08/21/02	Closeout Financial Statement Audit of the Modernization Project of the Ministries of Labor of Central America, Panama and Belize, Implemented by the Fundacion del Servicio Exterior para La Paz y la Democracia Under Cooperative Agreement No. 596-A-00-98-00087-00, for the Thirteen-Month Period Ending January 31, 2002		
1-520-02-139-R	08/26/02	Audit of the Fund Accountability Statements of (1) the Mayan Biosphere Project No. 520-0426 (CATIE/CONAP Project, Phase III), for the Period from January 1, 2000 to March 31, 2000; (2) the Mayan Biosphere Project No. 520-0426 (CATIE/CONAP Project, Phase IV), for the Period from April 1, 2000 to December 31, 2000; (3) the Mayan Biosphere Project No. 520-0395 (CATIE/CONAP Project), from January 1, 2000 to December 31, 2000; (4) the Mayan Center Project No. 520-0426 (CATIE/CONAP Project), from January 1, 2000 to December 31, 2000; and (5) the Environmental Monitoring of the Motagua and Polichic Watersheds Project No. 520-0433-00-01, from April 4, 2000 to December 31, 2000, Managed by Tropical Agriculture Research and Training Center (CATIE)		
1-525-02-140-R	09/05/02	Audit of the USAID Project Under Grant Agreement No. 525-A-00-01-00016-00, Managed by Sociedad Nacional Para el Desarrollo de Empresas y Areas Rurales, for the Year Ended December 31, 2001		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-596-02-141-R	09/09/02	Audit of Project Accord on the Rights and Identity of Indigenous Peoples -- Human Capacity Development, USAID/G-CAP Project No. 520-A-00-98-00013-00, Managed by Rafael Landivar University, for the Year Ended December 31, 2001		
1-520-02-142-R	09/09/02	Financial Statement Audit of the Communities in Transition Project, USAID/G-CAP Project No. 520-0413-A-00-5130-00 Managed by the Centro Canadiense de Estudios y Cooperacion Internacional, for the Two-Year Period Ended March 31, 2002		
1-518-02-143-R	09/09/02	Audit of the Program Supporting Family Planning Services and Promotion of Other Services, Cooperative Agreement No. 518-G-00-97-00267-00, Managed by Asociacion Pro-Bienestar de la Familia Ecuatoriana, for the Year Ended December 31, 2000		
1-522-02-144-R	09/13/02	Closeout Financial Statement Audit of USAID/Honduras Resources Managed by the Secretariat of Public Education, Under the Primary Education Efficiency Project No. 522-0273, for the Period January 1, 1995 to April 30, 1998	6 6	QC UN
1-522-02-145-R	09/13/02	Financial Statement Audit of USAID/Honduras Resources Managed by the Secretariat of Public Education, Under the Basic Education Training and Skills Project No. 522-0388, for the Period August 1, 1995 to December 31, 1999		
4-615-02-041-R	04/15/02	Audit of Marie Stopes Kenya Under USAID Agreement No. 623-A-98-00-00035-00, for the Eleven-Month Period Ended November 30, 2000	11 11	QC UN
4-674-02-042-R	04/15/02	Audit of the Development Law Services Trust Under USAID Agreement No. 674-0312-G-SS-3030-01, for the Period from March 1, 1996 to April 30, 1997	1	QC
4-623-02-043-R	04/05/02	Audit of the Inter-Governmental Authority on Development Under the USAID Award No. 623-0006, for the Year Ended December 31, 2000		
4-674-02-044-R	04/05/02	Audit of the Project Preparation Trust of KwaZulu-Natal Under the USAID Agreement No. 674-0312-G-SS-3077-04, for the Period October 1, 1998 to September 30, 2001		
4-000-02-045-R	04/15/02	Audit of African Centre for the Constructive Resolution of Disputes Under USAID Agreement Nos. 674-0301-A-00-6064-00 and AOT-G-00-97-00369-00, for the Year Ended December 31, 1999	102 74	QC UN

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-674-02-046-R	04/15/02	Audit of KwaZulu-Natal Local Government Association Under USAID Agreement No. 674-0312-A-00-6072-00 for the Period July 25, 1996 to June 30, 2000	418 417	QC UN
4-623-02-047-R	04/16/02	Audit of the Centre for African Family Studies Under REDSO/ESA Cooperative Agreement No. 623-0005-A-00-4143-00, for the Year Ended December 31, 2000		
4-617-02-048-R	04/16/02	Audit of the Uganda Microfinance Union Under the USAID Agreement No. 617-G-00-00-00002-00, for the Period October 1, 1999 to December 31, 2000		
4-674-02-049-R	04/16/02	Audit of the Independent Mediation Service of South Africa Under the USAID Agreement No. 647-0301-G-SS-4113, for the Period January 1, 1999 to May 31, 1999		
4-674-02-050-R	05/07/02	Audit of the National Professional Teachers' Organization of South Africa for the Period April 1, 2000 to March 31, 2001		
4-615-02-051-R	04/17/02	Audit of the Family Planning Association of Kenya Under the USAID Agreement No. 623-A-98-00-00030-00, for the 15-Month Period from January 1, 2000 to March 31, 2001		
4-621-02-052-R	04/26/02	Audit of the Agricultural Transport Assistance Program, USAID Project No. 621-0166 for the Period July 1, 1999 to June 30, 2000		
4-615-02-053-R	05/08/02	Audit of the K-REP Bank Limited, Award No. 623-G-00-98-00004-00 for the Period December 1, 1997 to October 31, 2001		
4-615-02-054-R	06/15/02	Audit of the Tegemeo Agricultural Monitoring and Policy Analysis Project Under Grant Agreement No. 615-0268 for the Period January 1, 2000 through April 30, 2001	6 2	QC UN
4-674-02-055-R	06/28/02	Audit of the Project Literacy Under the USAID Agreement No. 674-A-00-99-00027-00, for the Year Ended December 31, 2001		
4-615-02-056-R	07/15/02	Audit of the Kenya Management Assistance Programme Project Under USAID Agreement No. 623-A-99-00007-00 for the Year Ended December 31, 2000	7 7	QC UN
4-621-02-057-R	07/09/02	Audit of the Agricultural Transport Assistance Program Under USAID Project No. 621-0166, for the Period from September 21, 1999 to December 31, 2000		
4-617-02-059-R	08/16/02	Audit of the AIDS Information Centre Under the USAID Agreement No. 623-0133-00-A-00-6007, for the Period from July 1, 2000 to June 30, 2001		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-617-02-060-R	08/20/02	Audit of the Uganda Wildlife Education Centre, USAID Agreement No. 617-SO02 for the Period July 1, 2000 to June 30, 2001	86	QC
4-617-02-061-R	08/20/02	Audit of the International Service Volunteers Association Under the USAID Agreement No. 617-G-00-99-00013-0, for the Year Ended December 31, 2001		
5-492-02-021-R	04/04/02	Audit of TSPI Development Corporation - Developing Standards for Microfinance Program Under Grant Agreement No. 492-G-00-96-00060-00 for the Period July 30, 1996 to October 31, 2000	103 88	QC UN
5-386-02-022-R	04/16/02	Audit of the Industrial Credit & Investment Corporation of India Ltd. (ICICI) - Trade in Environment Services and Technologies (TEST) Program Under Project No. 386-0530	76	QC
5-497-02-023-R	04/24/02	Audit of Yayasan Keanekaragaman Hayati Indonesia - Indonesian Biodiversity Foundation Project Under Cooperative Agreement No. AID-497-0384-A-00-5011-00	8 1	QC UN
5-497-02-024-R	04/30/02	Audit of Yayasan Sains Estetika dan Teknologi (Yayasan SET), Under the Public Information Campaign Project, Grant Agreement No. 497-G-00-99-00048-00, and the Public Television in Indonesia's New Democratic Environment Project, Grant Agreement No. 497-G-00-00-00046-00	16 14	QC UN
5-497-02-025-R	05/30/02	Audit of USAID/Indonesia Grants to Yayasan Wahana Lingkungan Hidup Indonesia Relating to the Costs Incurred on the Strengthening Democratic Initiatives Project (Grant Agreement No. AID-497-G-00-97-00036-00) and Strengthening an Environmental Conscious Society and Governance Project (Grant Agreement No. AID-497-G-00-00-00049-00)	239 68	QC UN
5-493-02-026-R	05/31/02	Audit of the Kenan Foundation Asia, Under the Accelerating Economic Recovery in Asia Program, Cooperative Agreement No. 442-A-00-99-00072-00	80 75	QC UN
5-493-02-027-R	05/31/02	Audit of the Kenan Foundation Asia, Cooperative Agreement No. AEP-0350-A-00-6023-00, Endowment	9 6	QC UN
5-497-02-028-R	07/08/02	Audit of USAID/Indonesia's Grant to Yayasan Penguatan, Partisipasi, Inisiatif dan Kemitraan Masyarakat Indonesia Relating to the Costs Incurred on the Strengthening Democratic Initiatives Project Under Grant Agreement No. AID-497-G-00-99-00015-00	29 29	QC UN

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
5-492-02-029-R	07/12/02	Audit of the Institute of Environmental Science for Social Change, Inc., Under the Strengthening Philippine Working Group Capabilities Project, Grant Agreement No. 492-0444-G-SS-6038-00, Philippine Working Group: Critical Assistance for Community Resource Management Project, Grant Agreement No. 492-G-00-99-00021-00, and Strengthening the Asia Forest Network Regional Program for Southeast Asia, Grant Agreement No. 492-G-00-97-00065	11 1	QC UN
5-442-02-030-R	07/12/02	Audit of the Association of Cambodian Local Economic Development Agencies Grant No. 492-G-00-97-00021-00	15	QC
5-492-02-031-R	07/16/02	Audit of USAID/Philippines Grant to Resources Environment and Economics Center for Studies, Inc., Relating to the Costs Incurred on the Samar Island Biodiversity Study Under USAID Grant Agreement No. 492-G-00-00-00001-00	36	QC
5-492-02-032-R	07/24/02	Audit of Silliman University's Center of Excellence in Coastal Resources Management, USAID Cooperative Agreement No. 492-0444-A-00-5110-00	6 4	QC UN
5-492-02-033-R	08/05/02	Audit of University of the Philippines at Los Banos Foundation, Inc. Relating to Costs Incurred on the Agricultural Policy Research and Advocacy Assistance Program Under USAID Cooperative Agreement No. 492-0445-AA-00-2064-00	5 4	QC UN
5-492-02-034-R	09/10/02	Audit of Philippine Business for Social Progress, Inc. Relating to Costs Incurred on the Peoples Development Agenda for High Growth Areas and Sustaining the Initiatives of KASAPI in Advancing the Participation of the Indigenous People Programs Under USAID Grant Agreement Nos. 492-G-00-97-0058 and 492-G-00-98-0031-00	1	QC
5-388-02-035-R	09/11/02	Audit of the International Centre for Diarrhoeal Disease Research, Bangladesh Relating to Costs Incurred on the Operations Research Component of National Integrated Population and Health Program Under USAID Cooperative Agreement No. 388-A-00-97-00032-00	14	QC
6-263-02-014-R	04/04/02	Audit of USAID Resources Managed by the Ministry of Health and Population/Schistosomiasis Vaccine Development Program, IL No. 2 and IL No. 3, Results Package No. 263-0265.01 for the Period from July 1, 2000, through June 30, 2001		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
6-263-02-015-R	05/29/02	Audit of Egyptian Center for Economic Studies, Cooperative Agreement No. 263-0230-A-00-3104-00, Under USAID/Egypt Grant Agreement No. 263-0230, for the Period January 1, 1999 through December 31, 1999		
6-263-02-016-R	06/13/02	Recipient-Contracted Audit of USAID Resources Managed by the Ministry of Health and Population, Epidemiology and Surveillance Unit Under Implementation Letter No. 1, Combating Emerging & Endemic Disease, USAID/Egypt's Grant Agreement No. 263-0265, Component No. 3 for the Period from January 15, 2001 to June 30, 2001		
6-294-02-017-R	06/13/02	Audit of Arab Thought Forum Under Cooperative Agreement with USAID Grant No. 294-97-00-A-00023-00, for the Year Ended December 31, 1999	12	QC
6-263-02-018-R	06/24/02	Audit of USAID Resources Managed by the Ministry of Water Resources and Irrigation/Water Policy Advisory Unit, Project Implementation Letter No. 3, Project No. 263-0219, for the Period July 1, 2000 through June 30, 2001		
6-263-02-019-R	06/27/02	Audit of USAID Resources Managed by Foreign Relations Coordination Unit, Project Implementation Letter No. 14, University Linkages Project II, Project No. 263-0211, for the Period July 1, 2000 through June 30, 2001		
6-263-02-020-R	08/05/02	Audit of USAID Resources Managed by the Ministry of Health and Population Under Implementation Letter No. 4, System Development Project III, Grant Agreement Number 263-0267, for the Period July 1, 1999, through June 30, 2000	8 8	QC UN
6-263-02-021-R	08/05/02	Audit of the Ministry of Agriculture's Agricultural Technology Utilization and Transfer Project, Project Implementation Letter Nos. ATUT-002, ATUT-003, and ATUT-004, Under USAID/Egypt Funded Grant Agreement No. 263-0240, for the Period July 1, 2000, through June 30, 2001		
6-263-02-022-R	08/13/02	Audit of USAID Resources Managed by the Ministry of Health and Population, Project Implementation Letter No. 2a, Healthy Mother/Healthy Child Project No. 263-0242, for the Period July 1, 2000 through June 30, 2001	3	QC
6-263-02-023-R	08/13/02	Audit of USAID Resources Managed by the State Information Service/Information, Education, and Communication Center, Grant Agreement No. 263-0267, Implementation Letter No. 5, for the Period July 1, 2000 through October 31, 2001	2 2	QC UN

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
6-263-02-024-R	09/12/02	Audit of USAID Resources Managed by the Ministry of Health and Population, Implementation Letter No. 2, Health Policy Support Program, Grant Agreement No. 263-0254, for the Period from July 1, 2000 through June 30, 2001		
6-263-02-025-R	09/12/02	Audit of the Health Insurance Organization, Health Policy Support Program, Grant No. 263-0254, Project Implementation Letter No. 3, for the Period January 1, 2000 through June 30, 2001		
6-263-02-026-R	09/12/02	Financial Audit of the National Population Council, USAID/Egypt Project No. 263-0267, Implementation Letter No. 6, for the Period July 1, 2000 through September 30, 2001		
7-641-02-004-R	04/18/02	Recipient-Contracted Audit of USAID's Grant to Ghana Registered Midwives Association Under the Ghana Population and AIDS Project No. CA 641-0131-A-00-5017-00 for the 18-Month Period April 1, 1999 to September 30, 2000	42	QC
7-641-02-005-R	04/19/02	Recipient-Contracted Audit of USAID's Grant No. 641-G-00-00-00029 to Private Enterprise Foundation for the Fourteen-Month Period Ended December 31, 2000		
7-688-02-006-R	07/19/02	Audit of Local Currency Expenses Incurred by the <i>Office de la Haute Vallee du Niger</i> Under Project No. 688-0273 from January 1, 2000 through December 31, 2000	1 1	QC UN
7-688-02-007-R	08/26/02	Recipient-Contracted Audit of Local Currency Expenses Incurred by the "Office du Niger" to Implement the Strategic Objective "Sustainable Economic Growth" Project (No. 688-0273) from June 1, 1999 through December 31, 2000	19 19	QC UN
7-688-02-008-R	08/28/02	Recipient-Contracted Audit of Local Currency Expenses Incurred by the Administrative and Financial Directorate of the Malian Ministry of Health Under the Youth Strategic Objective Project No. 688-0272 for the Period of March 1, 1999 to December 31, 2000	40 28	QC UN
7-688-02-009-R	09/06/02	Audit of Local Currency Expenses Incurred by the Office Riz Segou to Implement the Income Diversification and Increase Project (No. 688-0273) Under Sustainable Economic Growth from October 1, 1999 through December 31, 2000	126 104	QC UN
7-680-02-010-R	09/12/02	Recipient-Contracted Audit of USAID Resources Managed by Songhai Center, Benin, from January 1, 2001 through December 31, 2001 and of the Songhai Center Financial Statements for Calendar Year 2001 Project No. 680-0214		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
B-118-02-005-R	06/04/02	Audit of the Moscow Helsinki Group in Moscow, Russia Under USAID Cooperative Agreement No. 118-A-0098-00179-00 for the Year Ended December 31, 2000	48	QC
B-118-02-006-R	06/04/02	Audit of the Moscow Public Science Foundation for the Fifteen-Month Period Ended December 31, 2000		
B-118-02-007-R	06/04/02	Audit of the Center for Energy Efficiency for the Period January 1, 1999 through December 31, 2000		
B-110-02-008-R	07/11/02	Audit of the Institute for Urban Economics for the Period from September 17, 1998 to December 31, 2000		
B-181-02-009-R	07/15/02	Audit of the Foundation for Energy Efficiency in Katowice, Poland Under USAID Cooperative Agreement No. 181-G-00-97-00323 for the Period Between January 1, 1999 and September 30, 2000		
		--U.S.-Based Grantees--		
0-000-02-013-T	04/16/02	Initial Review of the Audit Report of Population Services International for the Fiscal Year Ended December 31, 2000		
0-000-02-014-T	04/16/02	Initial Review of the Audit Report of Accion International Inc. for the Fiscal Year Ended December 31, 2000		
0-000-02-015-T	04/19/02	Initial Review of the Audit Report of the Sisters of Mercy of Dallas, Pennsylvania, Inc. for the Fiscal Year Ended June 30, 2001		
0-000-02-016-T	04/19/02	Initial Review of the Audit Report of Project Concern International for the Fiscal Year Ended December 31, 2000		
0-000-02-017-T	04/19/02	Initial Review of the Audit Report of Plan International USA, Inc. dba Childreach for the Fiscal Year Ended December 31, 2000		
0-000-02-018-T	04/19/02	Initial Review of the Audit Report of International Research & Exchanges Board for the Fiscal Year Ended June 30, 2001		
0-000-02-019-T	04/22/02	Initial Review of the Audit Report of Pathfinder International for the Fiscal Year Ended June 30, 2001		
0-000-02-020-T	06/14/02	Initial Review of the Audit Report of Counterpart International, Inc. for the Fiscal Year Ended September 30, 2001		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-02-021-T	06/14/02	Initial Review of the Audit Report of Medecins Sans Frontieres USA Inc./Doctors Without Borders USA Inc. for the Fiscal Year Ended December 31, 2000		
0-000-02-022-T	06/14/02	Initial Review of the Audit Report of Pan American Development Foundation for the Fiscal Year Ended September 30, 2001		
0-000-02-023-T	06/21/02	Initial Review of the Audit Report of Seeds of Peace Inc. for the Fiscal Year Ended September 30, 2001		
0-000-02-024-T	07/26/02	Initial Review of the Audit Report of the Africa - America Institute for the Fiscal Year Ended September 30, 2001		
0-000-02-025-T	07/26/02	Initial Review of the Audit Report of Small Enterprise Assistance Funds for the Fiscal Year Ended December 31, 2001		
0-000-02-026-T	08/22/02	Initial Review of the Audit Report of Cooperative Housing Foundation for the 18 Month Period Ended September 30, 2001		
0-000-02-027-T	08/22/02	Initial Review of the Audit Report of Institute for Sustainable Communities for the Fiscal Year Ended September 30, 2001		
0-000-02-028-T	08/22/02	Initial Review of the Audit Report of Catholic Relief Services for the Fiscal Year Ended September 30, 2001		
0-000-02-029-T	08/22/02	Initial Review of the Audit Report of American University of Beirut for the Fiscal Year Ended September 30, 2001		
0-000-02-030-T	09/05/02	Initial Review of the Audit Report of Citizens Democracy Corps, Inc. for the Fiscal Year Ended September 30, 2001		
0-000-02-031-T	09/05/02	Initial Review of the Audit Report of National Telephone Cooperative Association for the Fiscal Year Ended December 31, 2001		
0-000-02-032-T	09/05/02	Initial Review of the Audit Report of World Vision Inc. for the Fiscal Year Ended September 30, 2001		
0-000-02-033-T	09/05/02	Initial Review of the Audit Report of Vermont Karelia Rule of Law Project, Inc. for the Fiscal Year Ended December 31, 2000		
0-000-02-034-T	09/05/02	Initial Review of the Audit Report of Alliance to Save Energy for the Fiscal Year Ended December 31, 2001		
0-000-02-035-T	09/20/02	Initial Review of the Audit Report of Family Health International for the Fiscal Year Ended September 30, 2001		
0-000-02-050-D	06/06/02	The Core Group, Report on Pre-award Accounting System Survey		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-02-051-D	07/24/02	The Vulindlela Group, Report on Follow-up Accounting System Survey		
0-000-02-053-D	07/24/02	Institute for Transportation and Development Policy, Report on Preaward Accounting System Survey		
0-000-02-055-D	08/16/02	Jorge Scientific Corporation, Report on Audit of Incurred Costs for Fiscal Year Ended February 28, 2001		
0-000-02-057-D	08/26/02	Geohazards International, Pre-award Survey of Accounting System		
0-000-02-066-D	09/20/02	Joint Board of Teachers Education Enterprise Institute of Education University of West Indies, Report on Pre-Award Accounting System Survey		
0-000-02-067-D	09/20/02	Pierce County Department of Emergency Management, Report on Audit of Firm-Fixed-Price Proposal		
0-000-02-068-D	09/20/02	Los Angeles Fire Department, Report on Audit of Cost Reimbursable Grant Proposal for Office of Foreign Disasters Urban Search and Rescue		
0-000-02-070-D	09/20/02	Beverly Task Force MATF-01, Report on Beverly Task Force Cost Realism		
1-522-02-011-D	04/26/02	Closeout Concurrent Financial Statement Audit of the USAID Resources Managed by Samaritan's Purse in Honduras, Under Award No. 522-A-00-00-00209-00 "Honduran Shelter Rehabilitation Program," for the Quarter Ended December 31, 2001		
1-522-02-012-D	04/29/02	Annual Financial Statement Audit of the USAID Resources Managed by Save the Children in Honduras, Under Grant No. 522-G-00-00388-00 for the Period July 20, 2000 to December 31, 2001	11	QC
1-522-02-013-D	05/13/02	Annual Financial Statement Audit of the USAID Resources Managed by Catholic Relief Services, Under Grant No. 522-G-00-00-00385-00 for the Period July 20, to December 31, 2001		
1-522-02-014-D	05/03/02	Annual Financial Statement Audit of the USAID Resources Managed by Proyecto Aldea Global in Honduras, Under Grant No. 522-G-00-00389-00 for the Period July 21 to December 31, 2000	23	QC
1-522-02-015-D	05/06/02	Closeout Concurrent Financial Statement Audit of the USAID Resources Managed by Cooperative Housing Foundation in Honduras, Under Grants No. 522-A-00-99-00077 "Emergency Shelter Project," No. 522-A-00-00-00207-00 "Programa Hogar," and No. 522-A-00-00-00208-00 "Starter Home," for the Quarter Ended December 31, 2001	29	QC

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-02-016-D	05/08/02	Annual Financial Statement Audit of the USAID Resources Managed by Agua para el Pueblo in Honduras, Under Grant No. 522-G-00-00392-00, for the Period July 21 to December 31, 2000	35	QC
1-522-02-017-D	05/08/02	Financial Statement Audit of the USAID Resources Managed by Planning Assistance in Honduras, Under Grant Agreement No. 522-G-00-00391-00 "Hurricane Mitch Recovery in Choluteca Program," Under the Hurricane Reconstruction Program, for the Period July 21 through December 31, 2000	4	QC
1-522-02-018-D	06/12/02	Closeout Concurrent Financial Statement Audit of the USAID Resources Managed by Catholic Relief Services, Under Grant No. 522-G-00-00385-00, for the Period of January 1, 2001 through March 31, 2002		
1-524-02-019-D	06/24/02	Closeout Concurrent Financial Statement Audit of the USAID Resources Managed by Academy for Educational Development, Under Award No. 524-C-00-99-00020-00 "Education Recovery Component Under Mitch Supplemental Funds," for the Final Quarter Ended December 31, 2001		
1-522-02-021-D	06/26/02	Final Financial Statement Audit of the USAID Resources Managed by Catholic Relief Services, Under Grant No. 522-G-00-00385-00, for the Period January 1, 2001 to March 31, 2002		
1-522-02-022-D	06/26/02	Final Financial Statement Audit of the USAID Resources Managed by Proyecto Aldea Global in Honduras Under Grant No. 522-G-00-00389-00, for the Period January 1, 2001 through March 31, 2002	59	QC
1-522-02-024-D	06/26/02	Closeout Financial Statement Audit of USAID Resources Managed by Barents Group LLC, Under Special Objective Grant Agreement No. 522-0410, "Component for the Reactivation of the Economy through Agricultural Credit and Technologies Activity (REACT)," Under the Hurricane Reconstruction Program, for the Period from January 1 to December 31, 2001		
1-522-02-025-D	06/27/02	Final Financial Statement Audit of the USAID Resources Managed by Save the Children in Honduras, Under Grant No. 522-G-00-00388-00, for the Period January 1 through December 31, 2001		
1-522-02-026-D	06/27/02	Final Financial Statement Audit of the USAID Resources Managed by Agua para el Pueblo in Honduras, Under Grant No. 522-G-00-00392-00, for the Period January 1, 2001 to March 31, 2002	57 9	QC UN

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
5-438-02-003-D	07/19/02	Audit of the Catholic Church Mission in Mongolia (CCMM) - Furnishing CCMM's Vocational Education Center for Disadvantaged Mongolian Youths, USAID Grant Agreement No. 492-G-00-00-00020-00	2	QC
		--U.S.-Based Contractors--		
0-000-02-043-D	04/11/02	Abt Associates, Inc. Report on FY 2000 Incurred Cost Audit		
0-000-02-044-D	04/11/02	Report on Audit of Fiscal Years 1998 and 1999 Incurred Costs for AMEX International, Inc.		
0-000-02-045-D	05/15/02	C&G Moving and Storage, Inc. Report on Application of Agreed Upon Procedures		
0-000-02-046-D	05/15/02	U.S. Association of Importers of Textiles and Apparel, Report on Pre-award Accounting System Survey		
0-000-02-047-D	05/17/02	LTG Associates, Inc. Report on Financial Capability Audit		
0-000-02-048-D	05/28/02	CH2M Hill International Services, Inc. Supplement to Report on Contractor Fiscal Year 1997 Incurred Costs		
0-000-02-049-D	05/28/02	Shorebank Advisory Services, Inc. Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-02-052-D	07/24/02	Metcalf and Eddy, Inc. Report on Audit of Fiscal Year 1999 Final Indirect Expense Rate Proposal	23	QC
0-000-02-054-D	07/24/02	Ebony Consulting International, Ltd., Report on Preaward Accounting System Survey		
0-000-02-056-D	08/16/02	Development & Training Services, Inc., Supplemental Audit Report on Proposal Submitted		
0-000-02-059-D	09/03/02	DevTech Systems, Inc. Report on Audit of Proposal for Women in Development		
0-000-02-060-D	09/03/02	PricewaterhouseCoopers, LLP Report on Agreed Upon Procedures		
0-000-02-061-D	09/03/02	Development Alternatives, Inc. Report on Pricing Proposal Submitted by Development Alternatives		
0-000-02-062-D	09/12/02	Black & Veatch Corporation, Report on Audit of Incurred Costs for Fiscal Year 1999		
0-000-02-064-D	09/20/02	Chemonics International, Report on Floor Check		
0-000-02-065-D	09/20/02	Development Alternatives, Inc. Report on Floor Check		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-02-069-D	09/20/02	Chemonics International, Inc. Report on Audit of Cost Plus Fixed Fee or Firm Fixed Price Proposal for the Women in Development Program		
1-522-02-010-D	04/25/02	Closeout Concurrent Financial Statement Audit of the USAID Resources Managed by DevTech Systems, Inc. in Honduras, Under Contract No. 522-C-00-00-00243-00 "Component for the Educational Opportunities Provided for Hurricane Affected Students Activity" (Education Activity), Under the Hurricane Reconstruction Program, for the Quarter Ended December 31, 2001		
1-524-02-020-D	06/25/02	Final Financial Statement Audit on USAID Resources Managed by Management Sciences for Health Under Contract No. 524-C-00-99-00027-00, Modification No. 1, for the Period January 1, 2001 to December 31, 2001		
1-524-02-023-D	06/28/02	Final Contract Cost Summary Report Audit of the USAID Resources Under Contract No. PCE-I-00-99-00003-00, "Agricultural Reconstruction Assistance Program," Managed by Chemonics International, Inc., for the Period January 1 to December 31, 2001		
1-524-02-027-D	06/27/02	Closeout Financial Statement Audit of the USAID Resources Managed by Camp Dresser & McKee International, Inc., Rural Water Supply and Sanitation Program in Hurricane Mitch Affected Areas for the Environmental Health Project, Under Contract No. HRN-I-03-99-00011-00, for the Period October 1, 2000 to December 31, 2001		
1-524-02-028-D	06/27/02	Closeout Financial Statement Audit of the USAID Resources Managed by Planning and Development Collaborative International, Program Management and Technical Assistance - Post Hurricane Mitch Reconstruction, Under Contract No. 524-C-00-99-00003-00, for the Period January 1, 2001 to October 18, 2001		
1-524-02-029-D	06/27/02	Closeout Financial Statement Audit of the USAID Resources Managed by Deloitte Touche Tomatsu Through a Subcontract with Population Services International, Commercial Market Strategies Project, Under Contract No. 524-C-00-98-00039-00, for the Period October 1, 1999 to December 31, 2001		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
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Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		—Enterprise Funds—		
0-000-02-004-E	05/02/02	Southern Africa Enterprise Development Fund, Revised Independent Auditor's Report for the Year Ended September 30, 1998, and Revised Reports on Internal Controls and Compliance		
0-000-02-005-E	05/06/02	Southern Africa Enterprise Development Fund, Revised Independent Auditor's Report for the Year Ended September 30, 1999, and Revised Reports on Internal Controls and Compliance		
		—Quality Control Reviews—		
0-000-02-005-Q	07/17/02	Quality Control Review of the PricewaterhouseCoopers LLP FY 2001 Audit of Counterpart International, Inc.		
0-000-02-006-Q	09/23/02	Quality Control Review of the KPMG LLP FY 2000 Audit of Population Services International		
1-511-02-004-Q	04/01/02	Quality Control Review of "Integral Health Project; Ministry of Public Health and Social Prevision; Donation Agreement USAID No. 511-0644.02 as of December 31, 2000" and "Integral Health Project; Donation Agreement USAID No. 511-0644.02; Population Policy, Research and Analysis Unit; for the Year Ended December 31, 2000," dated July 5, 2001 and May 11, 2001, respectively. And a Draft Audit Report Entitled "Integral Health Coordination Program 'PROCOSI'; La Paz, Bolivia; Independent Auditor's Report for the Year Ended December 31, 2000"		
1-521-02-005-Q	05/07/02	Quality Control Review of "Audit of Child Health Institute Financial Statements, for the Period September 27, 1999 to December 31, 2000"		
1-520-02-006-Q	05/02/02	Quality Control Review of the Contraloria General de Cuentas' Audit Report and Working Papers Related to the Family Health Services Project, USAID/G-CAP No. 520-0357, Executed by the Reproductive Health Unit of the Health Treasury and Welfare, for the Period from April 1, 1997 to September 30, 1999		
1-518-02-007-Q	07/30/02	Quality Control Review of the Moores Rowland International Audit Report and Working Papers Related to the Asociacion de Ganaderos Sierra y Oriente and Laboratorios Industriales Farmaceuticos Ecuatorianos for the Year Ended December 31, 2001		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-518-02-008-Q	08/23/02	Quality Control Review of Audit Report and Working Papers Related to the Charles Darwin Foundation, Biodiversity Conservation in the Galapagos Marine Reserve Project, Audited by Romero & Asociados Grant Thornton, USAID/Ecuador Project No. 518-0126, for the Years Ended December 31, 1999 and December 31, 2000		
4-690-02-008-Q	07/31/02	Quality Control Review of the Audit Performed by Deloitte & Touche of the Southern Africa Enterprise Development Fund, for the Year Ended September 30, 1998, Grant No. AOT-0514-G-00-5086-00		
4-690-02-009-Q	07/31/02	Quality Control Review of the Audit Performed by Deloitte & Touche of the Southern Africa Enterprise Development Fund, for the Year Ended September 30, 1999, Grant No. AOT-0514-G-00-5086-00		
4-674-02-010-Q	08/19/02	Quality Control Review of the Auditor General of the Republic of South Africa's Audit of USAID Donor Funds, Administration of Justice Project for the Period mid-1996 to March 31, 1999		
5-492-02-006-Q	05/16/02	Quality Control Review of the Recipient-Contracted Audit Conducted by Diaz Murillo Dalupan, Makati City, Philippines, of the USAID/Philippines Grant to Resources, Environment and Economics Center for Studies, Inc., Relating to the Costs Incurred on the Samar Island Biodiversity Study		
5-492-02-007-Q	08/23/02	Quality Control Review of the Recipient-Contracted Audit Conducted by Fernandez Santos & Lopez, Makati City, Philippines, of Philippine Exporters Confederation, Inc. Relating to the Costs Incurred on the Trade and Investment Policy Analysis and Advocacy Support Project – Advocacy for Trade and Investment Liberalization		
5-367-02-008-Q	08/27/02	Quality Control Review of the Recipient-Contracted Audit Conducted by BRS Neupane & Co., Chartered Accountants, Kathmandu, Nepal of the USAID/Nepal Cooperative Agreement No. 367-A-00-97-00086-00 to Nepal CRS Company Pvt. Ltd.		
5-367-02-009-Q	08/30/02	Quality Control Review of the Recipient-Contracted Audit Conducted by BRS Neupane & Co., Chartered Accountants, Kathmandu, Nepal of the USAID/Nepal Grant Agreement No. 367-G-00-97-00064-00 to the Canadian Centre for International Studies and Cooperation for the Market Access for Rural Development Project		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table A

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
6-263-02-001-Q	05/16/02	Quality Control Review of PricewaterhouseCoopers' Financial Audit of the Egyptian Center for Economic Studies Under USAID/Egypt's Cooperative Agreement No. 263-0230-A-00-3104-00, Grant Agreement No. 263-0230, for the Period January 1, 1999, through December 31, 1999		
B-185-02-001-Q	09/30/02	Quality Control Review of the Audit Performed by Ernst & Young of the Hungarian American Enterprise Fund for the Year Ended September 30, 2001		
		—Other—		
1-521-02-001-S	07/15/02	Risk Assessment of Major Functions Within USAID/Haiti		
1-517-02-002-S	07/15/02	Risk Assessment of Major Functions Within USAID/Dominican Republic		
1-598-02-003-S	09/03/02	Summary Report on Audits of USAID Assistance Provided Under the Central America and the Caribbean Emergency Disaster Recovery Fund (CACEDRF) Supplemental Appropriation		
9-000-02-001-S	07/31/02	Report of Agreed-Upon Procedures Relating to USAID's Performance Monitoring for Indicators Appearing in the FY 2003 Results Review and Resource Request Report for Selected USAID Missions		
A-000-02-001-S	09/09/02	Risk Assessment of Major Functions Within the Office of the Director of the Office of Administrative Services, Bureau for Management		
A-000-02-002-S	09/10/02	Risk Assessment of Major Functions Within the Consolidation, Property and Services Division of the Office of Administrative Services, Bureau for Management		
A-000-02-003-S	09/11/02	Risk Assessment of Major Functions Within the Information and Records Division of the Office of Administrative Services, Bureau for Management		
A-000-02-004-S	09/12/02	Risk Assessment of Major Functions Within Overseas Management Support of the USAID Bureau for Management		
A-000-02-005-S	09/13/02	Risk Assessment of Major Functions Within the Travel and Transportation Division of the Office of Administrative Services, Bureau for Management		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

Performance Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-538-02-008-P	04/01/02	Audit of the Eastern Caribbean Regional Reconstruction Activities Financed Under the Central America and the Caribbean Emergency Disaster Recovery Fund		
1-523-02-009-P	05/06/02	Audit of USAID/Mexico's Program to Develop Institutional Capacity to Diagnose, Control and Monitor Tuberculosis		
1-527-02-010-P	05/08/02	Audit of USAID/Peru's Recipient Audit Inventory		
1-527-02-011-P	05/15/02	Audit of USAID-Financed Alternative Development Activities in Peru		
1-511-02-012-P	07/05/02	Audit of the USAID-Financed Yungas Development Initiative		
1-522-02-013-P	09/12/02	Audit of USAID/Honduras' Executive Office Operations		
4-687-02-005-P	06/21/02	Concurrent Audit of USAID/Madagascar's Performance Monitoring of Selected Health Services Funded by the Southern Africa Floods Supplemental Appropriation		
4-674-02-006-P	06/28/02	Audit of USAID/South Africa's Monitoring of the Performance of Its HIV/AIDS Program		
5-442-02-002-P	06/21/02	Audit of USAID/Cambodia's Monitoring of the Performance of Its HIV/AIDS Program		
5-386-02-003-P	08/29/02	Audit of USAID-Financed Public Law 480 Title II Food Aid Activities in India		
6-263-02-004-P	09/09/02	Audit of USAID-Financed Technical Assistance for Agricultural Activities in Egypt		
7-620-02-004-P	07/23/02	Audit of USAID/Nigeria's Monitoring of the Performance of Its HIV/AIDS Program		
7-680-02-005-P	09/13/02	Audit of USAID-Financed Basic Education Program in Benin		
9-000-02-005-P	07/11/02	Audit of USAID's Staff Training and Development Activities		
A-000-02-003-P	09/16/02	Audit of USAID's Compliance with the Provisions of the Government Information Security Reform		
A-000-02-004-P	09/25/02	Audit of USAID/Washington's Management of Its Photocopying Program	400	BU
B-121-02-003-P	07/23/02	Audit of Regional Mission for Ukraine, Belarus and Moldova's Monitoring of American International Health Alliance's Performance in Ukraine		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
 Note: UN is part of QC

Table B

AUDIT REPORTS OVER SIX MONTHS OLD WITH NO MANAGEMENT DECISION¹

As of September 30, 2002

Report Number	Auditee	Issue Date	Current Recommendation Status	Desired Decision Target Date
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NOTHING TO REPORT.

¹Applies to USAID, ADF and IAF.

Table C

SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION

As of September 30, 2002

USAID

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
A-000-97-008-P	USAID's Compliance with Federal Computer Security Requirements	09/30/97	2.2	09/30/97	09/03
			2.4	09/30/97	09/03
			2.5	09/30/97	09/03
0-000-98-001-F	USAID's Financial Statements for FY 1997/96	03/02/98	7.1	03/31/99	12/02
A-000-99-002-P	Access and System Software Security Controls Over the Mission Accounting and Control System	12/31/98	1	12/31/98	03/03
0-000-99-001-F	USAID's Financial Statements Internal Controls and Compliance for FY 1998	03/01/99	1.1	03/01/99	12/02
0-000-99-002-F	Report to USAID Managers on Selected USAID Internal Controls	03/31/99	10.2	07/01/99	12/02
A-000-00-003-P	USAID's Actions to Correct Financial Management System Planning Deficiencies	08/24/00	1.1	08/24/00	09/03
			1.2	08/24/00	09/03
0-000-01-005-F	USAID's Fund Balance with the U.S. Treasury & Related Internal Controls (FY 2000)	02/15/01	1.1	02/15/01	09/03
			1.2	02/15/01	12/02
9-000-01-003-P	USAID's Cargo Preference Reimbursements Under Section 901d of the Merchant Marine Act of 1936	03/30/01	1	03/30/01	05/03
			2	03/30/01	05/03
			3	03/30/01	07/03
			5	03/30/01	07/03
			6	03/30/01	07/03
A-000-01-001-P	USAID's Compliance with Internet Privacy Policies	05/14/01	2	05/14/01	10/02
0-000-01-011-F	Indirect Costs Charged by the Cooperative for Assistance and Relief Everywhere Inc. to USAID Internal Transport Storage and Handling Awards	08/31/01	1	02/14/02	12/02
			2	02/14/02	12/02
			3	02/14/02	12/02
0-000-01-012-F	OMB Circular A-133 Audit Costs of Catholic Relief Services	08/31/01	1	02/15/02	12/02
			2	02/15/02	12/02

Table C

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
A-000-01-002-P	USAID's Compliance with the Provisions of the Government Information Security Reform	09/25/01	1	09/25/01	05/03
			2	09/25/01	04/03
			3	09/25/01	05/03
			5	09/25/01	11/02
			6	09/25/01	11/02
			7	09/25/01	03/03
			8	09/25/01	03/03
			9	09/25/01	10/02
			10	09/25/01	11/02
9-000-01-005-P	Performance Monitoring for Indicators Appearing in Selected USAID Operating Units' Results Review and Resource Request Reports	09/27/01	2	02/28/02	12/02
9-000-01-006-P	USAID's Monitoring of Interagency Arrangements with the Department of State and Other Federal Agencies	09/28/01	6	03/27/02	03/03
1-522-02-003-P	USAID/Honduras' Recipient Audit Inventory	11/13/01	2.1	11/13/01	10/02
			2.4	11/13/01	10/02
9-000-02-001-P	Management Discussion and Analysis Section of USAID's Fiscal Year 2000 Financial Statements	12/13/01	1	04/19/02	10/02
5-386-02-001-P	USAID/India's Monitoring of the Performance of Its HIV/AIDS Program	12/14/01	1	12/14/01	12/02
			2.1	12/14/01	12/02
			2.2	01/22/02	12/02
			3	06/28/02	12/02
			5	12/14/01	12/02
1-514-02-005-P	USAID/Colombia-Financed Coca Alternative Development Program	01/16/02	1	01/16/02	10/02
			2	01/16/02	10/02
1-521-02-006-P	USAID/Haiti's Public Law 480 Title II Program	01/28/02	1	01/28/02	10/02
0-000-02-001-F	USAID's Compliance with Provisions of the Federal Program Information Act of 1977	02/13/02	1	02/13/02	06/03
			2	02/13/02	06/03
			3	02/13/02	06/03
0-000-02-006-F	USAID's Consolidated Financial Statements Internal Controls and Compliance for Fiscal Year 2001	02/25/02	2.2	02/25/02	09/02
			4	02/25/02	12/04
			7	02/25/02	12/02
4-617-02-004-P	USAID/Uganda's Monitoring of the Performance of Its HIV/AIDS Program	03/12/02	1	03/12/02	03/03

Table C

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
B-194-02-001-F	USAID/Regional Services Center/Budapest's Financial Operations and Management Controls	03/14/02	1.2	03/14/02	03/03
			3.2	03/14/02	03/03
			4.1	06/04/02	06/03
			4.2	06/04/02	06/03
9-000-02-004-P	USAID's Governmentwide Commercial Purchase Card Program	03/19/02	1	07/03/02	06/03
			2	07/03/02	06/03
			3	09/06/02	09/03
			4	03/19/02	06/03
			5	03/19/02	06/03
			6	03/19/02	06/03
			7	03/19/02	06/03
			8	03/19/02	06/03
			9	03/19/02	06/03
			10	03/19/02	06/03
7-000-02-003-P	USAID Compliance with Military Coup d'Etat-Related Program Suspension Requirements	03/21/02	2.1	03/21/02	03/03
			2.2	03/21/02	03/03
			2.3	03/21/02	03/03
			3	03/21/02	03/03
A-000-02-002-P	USAID's Printing and Graphic Services	03/22/02	1	03/22/02	03/03

Table C

SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION

As of September 30, 2002

AFRICAN DEVELOPMENT FOUNDATION

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
9-ADF-01-002-P	Selected Processes at the African Development Foundation	02/26/01	1	06/14/01	12/02
0-ADF-01-008-F	African Development Foundation's Financial Statements, Internal Controls & Compliance (FY 2000)	03/21/01	1.1	03/21/01	02/03
			1.2	03/21/01	02/03
			1.3	03/21/01	02/03
			2.1	03/21/01	02/03
			2.2	03/21/01	02/03
			3	03/21/01	02/03

Table C

SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION

As of September 30, 2002

INTER-AMERICAN FOUNDATION

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
0-IAF-01-009-F	Inter-American Foundation's Financial Statements, Compliance, & Internal Controls (FY 2000)	04/02/01	1.1	04/02/01	02/03
			1.2	04/02/01	02/03
			1.3	04/02/01	02/03
			2	04/02/01	02/03
			3.1	04/02/01	02/03
			3.2	04/02/01	02/03
			4	04/02/01	02/03
			5.1	04/02/01	02/03
			5.2	04/02/01	02/03
			5.3	04/02/01	02/03
			5.4	04/02/01	02/03
			6.1	04/02/01	02/03
			6.2	04/02/01	02/03
			6.3	04/02/01	02/03
			6.4	04/02/01	02/03

Table D

REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS

April 1, 2002 through September 30, 2002

Reports	Number of Audit Reports	Questioned Costs	Unsupported Costs ¹
For which no management decision had been made as of April 1, 2002	22	\$ 4,564,080 ^{2,3}	\$ 196,944 ³
Add: Reports issued April 1, 2002 through September 30, 2002	81	\$ 8,977,932 ⁴	\$ 3,990,179 ⁴
Subtotal	103	\$ 13,542,012	\$ 4,187,123
Less: Reports with a management decision made April 1, 2002 through September 30, 2002	87 ⁵	\$ 11,051,512 ^{6,7}	\$ 2,212,874 ^{6,7}
For which no management decision had been made as of September 30, 2002	16	\$ 2,490,500 ⁸	\$ 1,974,249
For which no management decision was made within six months of issuance	0	\$ 0	\$ 0

¹Unsupported Costs are included in Questioned Costs, but are provided as additional information as required by the Inspector General Act Amendments of 1988 (P.L. 100-504).

²The ending balance at March 31, 2002 for Questioned Costs totaling \$4,531,873 was increased by \$32,207 to reflect an adjustment in the finding amount of a recommendation contained in one report.

³Amounts include \$3,335,008 in Questioned Costs and \$1,936 in Unsupported Costs for audits performed for the OIG by other Federal audit agencies.

⁴Amounts include \$371,994 in Questioned Costs and \$9,135 in Unsupported Costs for audits performed for the OIG by other Federal audit agencies.

⁵Unlike the monetary figures of this row, this figure is not being subtracted from the subtotal. Some audit reports counted here are again counted in the figure below it.

⁶Agency Officials disallowed \$5,998,587 in Questioned Costs (\$637,872 in Unsupported Costs) cited in 65 reports. Agency Officials did not sustain \$5,052,925 in Questioned Costs (\$1,575,002 in Unsupported Costs) cited in 49 reports.

⁷Amounts include \$3,684,172 in Questioned Costs and \$11,071 in Unsupported Costs for audits performed for the OIG by other Federal audit agencies.

⁸Amounts include \$22,830 in Questioned Costs for audits performed for the OIG by other Federal audit agencies.

Table E

REPORTS ISSUED WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

April 1, 2002 through September 30, 2002

Reports	Number of Audit Reports	Dollar Values
For which no management decision had been made as of April 1, 2002	3	\$ 1,292,962
Add: Reports issued April 1, 2002 through September 30, 2002	1	\$ 400,000
Subtotal	4	\$ 1,692,962
Less: Reports with a management decision made April 1, 2002 through September 30, 2002	3	\$ 1,292,962 ¹
For which no management decision had been made as of September 30, 2002	1	\$ 400,000
For which no management decision was made within six months of issuance	0	\$ 0

¹Agency Officials agreed with \$1,292,962 in actions cited in 3 reports.

Table F

REPORTS OF INVESTIGATIVE ACTIONS AND RECOVERIES

As of September 30, 2002

Investigative Actions

WORK LOAD			CIVIL	
Cases Pending (04/01/02)	122		Civil Referrals	2
Cases Opened	65		Complaints	0
Cases Closed	100		Judgements/Recoveries	0
Cases Pending (09/30/02)	87		Settlements	0
CRIMINAL			ADMINISTRATIVE	
Prosecutive Referrals	5		Reprimands	2
Prosecutive Declinations	2		Personnel Suspensions	1
Indictments	2		Resignations/Terminations	3
Convictions	6		Other Administrative Actions	5
Fines	1		Recoveries	8
Restitutions	4		Suspensions/Debarments	0
			Savings	1

Investigative Recoveries

Judicial Recoveries	\$625,001
Administrative Recoveries	\$169,580
Savings	\$410,000
Total Investigative Savings/Recoveries	\$1,204,581

The Hotline



The purpose of the OIG Hotline is to receive and resolve complaints of fraud, waste or abuse in USAID programs and operations, including mismanagement or violations of law, rules or regulations by USAID employees or program participants. The OIG also has oversight of the Inter-American Foundation (IAF), the African Development Foundation (ADF), and upon request, of the Overseas Private Investment Corporation. Complaints may be received directly from USAID, IAF or ADF employees, contractors, or the general public. Matters that are not within the purview of the OIG are referred to other agencies or to management and handled in accordance with USAID administrative procedures.

During this reporting period, the OIG received 941 hotline contacts. Of these, 4 cases were initiated, 58 were referred to the Agency for action, 16 were held pending review or additional information, 213 actions were referred to other law enforcement agencies and 20 were referred to other Federal agencies. The remaining contacts were solicitations for money, advertisements, requests for general information or other non-OIG matters.

The Inspector General Act and other pertinent laws provide for the protection of persons making Hotline complaints. Individuals have the option of submitting their complaints via the Internet, telephone, or the U.S. mail. If persons elect to submit their complaints via the Internet, they waive confidentiality due to the non-secure nature of Internet electronic mail systems.

Hotline Phone Number - 800-230-6539 or 202-712-1023

Hotline Email Address - IG.HOTLINE@USAID.GOV

**Hotline Address:
USAID/IG/I
P.O. Box 657
Washington, DC 20044-0657**

**U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, NW
Room 6.06D
Washington, DC 20523**

**The Semiannual Report to the Congress
is available on the Internet at
<http://www.usaid.gov/oig/public/semiannual1.htm>**